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A HOUSING FRAMEWORK FOR ONTARIO

ISSUES FOR CONSULTATION

Ministry of Housing
June, 1991

Ce document est disponible en français

Ontario

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A MESSAGE FROM THE MINISTER OF HOUSING

One of the Ontario Government's top priorities is ensuring that all residents of this province have a decent affordable place to live.

To this end, in 1991 the Government is: introducing legislation to protect tenants against unfair rent increases; increasing the funding for non-profit and co-operative housing by 10,000 units (this is in addition to a total of 35,000 not-for-profit units already under development this year); consulting on how to create a better quality of life in public housing; adopting a policy for making greater use of government land for housing; and consulting on a comprehensive housing framework. This framework forms the basis for the discussion paper which follows.

These initiatives are being taken in response to the conviction that Ontario's housing policy should be based on four fundamental principles:

- Access to safe, secure and affordable housing, suitable to people's needs, is a basic human right.
- Housing is fundamental to individual and family well-being and to the quality of life in Ontario communities.
- Housing contributes significantly to the prosperity and stability of Ontario's economy.
- Responsibility for the provision of housing is shared among all levels of government and among all sectors of Ontario's economy and society.

The problems facing us in meeting Ontario's housing needs are substantial. This discussion paper is meant to explore community views of the effectiveness of various approaches, and to enhance the ability of existing and new housing to meet the housing needs of Ontarians now, and into the future.

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A key element is the strengthening and development of the not-for-profit housing system as an alternative. This new foundation for Ontario's housing policy has significant implications which need broad consultation.

There are a large number of issues that remain unresolved, and through this discussion paper, we are asking your views. In looking at the possible solutions for the issues, one should be aware that the various solutions are not necessarily exclusive of one another. More than one solution can be chosen, and the best solution may combine elements of several.

I would like your views on these issues **by August 30, 1991.** The Government's final policy for new housing supply and treatment of the existing housing stock will not be determined until this consultation process is complete.

I look forward to hearing from you. Thank you for giving this matter your time and consideration.

Dave Cooke
Minister of Housing

CONSULTATION PROCESS

Additional copies of this paper are available in English or French from:

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The deadline for briefs is **August 30, 1991.**

Staff of the Ministry of Housing are available to answer questions about the "Housing Framework for Ontario" paper, and about the related "Government Land for Housing" paper. To set up a meeting to discuss the Framework paper, please contact Richard Franz of the Ministry of Housing at 585-4242.

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THE BASIS FOR HOUSING POLICY

There continues to be a pressing need for Ontario families and individuals to have access to safe, secure, affordable housing that is suitable to their needs. Addressing these housing needs is a part of any overall strategy to improve general living standards and fight against poverty. Among the key elements for tackling housing problems are the government's expenditure programs for housing. In reviewing proposals for new or re-organized programs, a new approach, the Housing Framework, is being developed. This framework will help manage the use of housing programs to better achieve the government's housing objectives. Consultation will ensure the public's views are built into the framework.

The development of Ontario's housing policy is based on the following four fundamental principles:

1. access to safe, secure, and affordable housing, suitable to people's needs, is a basic human right;
2. housing is fundamental to individual and family well-being and the quality of life in Ontario communities;
3. housing contributes significantly to the prosperity and stability of Ontario's economy;
4. responsibility for the provision of housing is shared among all levels of government and among all sectors of Ontario's economy and society.

The task facing the Ontario government is how to translate these principles into action. A key element to realizing these principles is the effectiveness of Ministry of Housing programs in supporting the maintenance of the existing rental stock, and providing an adequate supply of additional housing to meet growth requirements.

This consultation paper is another step towards enabling every resident of Ontario to have a place to call home. Part of this next step is an exploration of the housing challenges that face the people of Ontario, the issues involved and the choices available in reducing housing problems. That is why background information is also provided - so that everyone will have the information they need to help to set priorities and make choices.

The review of housing programs and expenditures is the subject of this paper. This consultation paper focuses on public spending on new supply,

rehabilitation and management of the existing stock in the private, public, and non-profit housing sectors. The intent is to determine community perceptions of the effectiveness of various approaches, and to strengthen the ability of the existing stock and new supply to meet the housing needs of Ontarians now and into the future. The paper also looks at specific management and program improvement issues.

The government of Ontario, over the next year, will be putting in place a coherent, integrated, and flexible approach to meet Ontario's housing requirements. This program framework forms one part of the Housing Policy development agenda for 1991.

HOUSING POLICY PRIORITIES

The Ministry of Housing is moving forward with other actions to help realize its four housing principles. The Ministry of Housing now has 35,000 housing units in production and the recent Provincial Budget announced another 10,000. The introduction of rent control, the enhancement of quality of life in public housing, and making better use of government lands for housing purposes are important building blocks in addition to this discussion about housing programs.

Rent Control

An integral part of maintaining and protecting existing affordable housing is a rent control system that protects tenants from economic eviction, and is both fair and easily understood. The Legislature has passed temporary legislation (Bill 4), which limits rent increases in 1990 and 1991. The government has been consulting with the public on a permanent rent control system and will be introducing legislation in June 1991. Almost 90 percent of the housing stock which will be required in the year 2000 has already been built. The rent control system will ensure that this stock remains affordable for current and future tenants.

Quality of Life in Public Housing

Residents of public housing have concerns and ideas about improving the quality of life in their housing environments. Greater tenant participation and control can provide channels through which individuals assume greater responsibility for their lives. The Ministry, later on in 1991, will consult with public housing tenants, housing authorities, social agencies, and others, on ways in which the quality of life in public housing can be enhanced.

Better Use of Government Land

The government seeks to make better use of government lands as part of the comprehensive strategy to increase the supply of affordable housing. Certain policies will be put in place immediately to give greater priority to housing on government lands. At the same time, consultation will proceed on four issues

related to housing on government lands, including: the proportion of housing on government land affordable to low and moderate income households; whether a portion should be made available to non-profit or co-operative housing groups; whether the government should purchase new land for housing; and, whether surplus lands of related public agencies should be offered for purchase by the province for housing.

Other Aspects of Housing Policy

The focus on Ministry of Housing programs excludes consideration, for now, of other components of a comprehensive approach to housing policy. Home ownership, land use planning, tax expenditures, and income supports are not addressed in this consultation paper. Housing for Ontario's aboriginal people's will be addressed in a separate consultation in concert with the Ontario Native Affairs Secretariat. It must be carried out, from its inception, in close partnership with native persons.

Home ownership remains a goal for many and the government welcomes lowered interest rates and land values which make ownership more accessible. This discussion paper does not address home ownership except in relation to rehabilitation of owned houses, and does not deal with the tax system which favours home ownership. Ownership housing benefits from the tax system, notably through the federal capital gains exemption, but also through lower municipal property tax rates and provincial property tax credits. These tax items are more appropriately dealt with by the recently announced Fair Tax Commission. Some information on the tax context for housing expenditure, however, is found in the background information.

The planning system is an integral part of housing development. Official Plans and the zoning of land determine how land will be used and what its value will be. This paper is not intended to include ways in which the planning system can be modified to achieve increased supply or affordability. The 1989 Land Use for Housing Policy Statement requires municipalities to set aside 25 percent of land for affordable housing and to set in place ways in which greater intensification can be achieved. Municipalities are finalizing their response to the Policy Statement and a review of the impacts of the Provincial policy will occur once local governments have had the chance to respond.

HOUSING AND OVERALL GOVERNMENT OBJECTIVES

Housing Contributes to Broad Public Goals

Public expectations about the purpose and design of housing have increased. At the broadest level, these public concerns are addressed through four overall government objectives:

- social policy and reduction of poverty;
- justice and empowerment;
- environmental stewardship; and,
- economic growth and prosperity.

Social Policy and Reduction of Poverty

Housing is not an end in itself. Secure, affordable, adequate and appropriate housing contributes to the well-being of individuals, families and communities. An increased supply of adequate, affordable housing is one of this government's main means of combatting the effects of poverty. Poverty can be caused by high housing costs which impose hard choices on limited family budgets. Family stress levels can be higher due to difficulties in balancing the needs of all family members. Poverty is not simply a matter of inadequate income and limited life opportunities. Poverty is living at greater risk from death by fire caused by unsafe wiring. Poverty is ill-health caused by unsanitary conditions, overcrowding and cold.

Poverty, too, is living on the outside of a community. The inability to find and keep a place to live within a supportive network of family, friends, and neighbours can have disastrous consequences. Social isolation may lead to feelings of inadequacy and lack of self-worth. This may find expression through various forms of anti-social behaviour, which in turn, invites intervention by the law enforcement system or social services. It is preferable and more cost-efficient to invest in community-based forms of housing which support individuals and households, than to deal with the consequences of failing to do so.

Other advisors to the government have recognized the critical role of housing programs in dealing with these problems. The recent report from the Premier's Council on Health Strategy recommended more non-profit housing as a key element to improve living standards in Ontario and to reduce the dramatic difference between the health of the rich and the poor.

Justice and Empowerment

Housing contributes to the government's goals for justice and empowerment in several important ways. Greater access to housing, and control over housing conditions through resident involvement, empowers individuals by creating opportunities for greater control over their immediate living environment. The community-sponsored approach used in the development of non-profit housing allows sponsoring agencies, who are closest to the residents, to operate their projects in ways that are sensitive to the needs of the individuals and families who live there.

Environmental Stewardship

Growing awareness of environmental degradation supports higher standards in housing development and construction. Protection of the natural habitat, be it agricultural lands, wet lands, or other natural resources, constrains the use of land and is a reason to seek more density in new developments and intensification of the existing housing stock.

Ministry of Housing programs can be used to support the government's environmental objectives by promoting wise use of land, existing housing stock and other resources. Higher density housing and intensification place fewer demands on agricultural land than do other forms. Public transit and infrastructure such as sewer, water, and other utilities can be more effectively provided to developments of greater density. Programs to increase the supply of new housing and to encourage rehabilitation of the existing stock help to ensure that current heating and insulation standards are met, reducing both the demand for new energy sources and the emissions of gasses which contribute to global warming. The recent announcement that Ontario Housing Corporation and future non-profit projects must use natural gas, if available, rather than electricity or heating oil, is a move in this direction.

Housing is also the immediate environment in which many people spend the bulk of their time. Health and safety concerns, as reflected in property maintenance standards, the Fire and Building Codes, and certification of building products, are examples of how housing must meet environmental standards for indoor living. Housing must fit within the environment, as well as providing a safe and healthy environment in which to live.

Economic Growth and Prosperity

Housing development has long been recognized for its important contribution to economic activity. Roughly 2.1 jobs in direct construction, the building supply sector, home decorating and appliance fields, are created for each new housing unit developed. Housing program activity has the potential to counter the economic cycle, and stabilize employment conditions in the building industry. A sustained level of activity holds in place the skilled trades required to build the quality of housing that is expected for Ontario's population and difficult climate.

Housing supports the economy in other ways as well. The lack of appropriate and affordable housing may mean that workers have no place to

live and are not available to fill the types of jobs required by our economy. Moreover, workers require a home base in order to rest from work, follow recreational pursuits, and lead the balanced lives necessary for healthy family life and to maintain a productive role. Appropriate housing represents an investment in ensuring that the labour force is available to meet the demands of a competitive economy.

The balancing of competing demands on the Provincial treasury is made more difficult by the economic recession. It remains vital that Ministry of Housing spending programs be as effective as possible in meeting housing and other government objectives. While the fiscal and economic situation facing the Ontario government and economy cannot be ignored, the government recognizes the many benefits that housing can bring. The provision of 10,000 additional non-profit units in the 1991 Provincial Budget is one measure of the importance placed on housing's contribution to long term prosperity.

Choices in the next few years will continue to hard ones. Expenditure growth rates have been forecast to be 6.3 percent for 1992-93 and 7.5 percent for the following two years, far less than the 13.4 percent for 1991-92. This means that firm and effective policy direction is essential.

UNDERSTANDING THE HOUSING CRISIS: AFFORDABILITY, SUPPLY, ADEQUACY AND ACCESS

Ontario faces four basic problems in achieving the goals for housing, particularly in making housing a right. Too many households have affordability problems. There is an insufficient supply of rental housing. Many households live in housing that is inadequate for their needs. Moreover, physical and socio-economic obstacles, as well as discrimination, block equal access to housing.

There are over 382,000 Ontario households in "core need". Core need is a measure of the severity of housing difficulties that has been agreed to by the federal government and the provinces to help distribute forms of housing assistance. Households are in core need if they do not have, or cannot find, adequate and suitable accommodation within 30 percent of gross income. The background paper "Need and Demand for Housing Assistance and Social Housing in Ontario" provides additional information on this subject.

"Core need" can under-estimate the number of households facing housing problems. The effects of the current economic recession are not reflected in these figures. The homeless, residents of larger rooming and boarding houses, and moderate income households in inadequate housing, if added, would result in well over 400,000 households in core need. A report released by the Co-operative Housing Association of Ontario and the Ontarion Non-Profit Housing Association in April 1991, using different assumptions, estimates that 477,000 renter households pay over 30 percent of income on rent.

Affordability, accessibility and poverty are related problems. Affordability problems are the result of too high housing costs and also, too low incomes. Food bank organizers point to high rent increases faced by low and moderate income families as a major cause of the increased demand for food banks. Changes in the distribution of income meant that some households did not share in the general economic growth of the last decade. The numbers of families with children in poverty increased in the last decade. Most simply put, low and middle income groups lost real spending power, while highest income groups gained income and wealth in the 1980s.

Affordable housing is important so that families have sufficient money for food, clothing, educational and recreational pursuits. Technically, a household is considered to have an affordability problem if they pay over 30 percent of household income for housing. If over 50 percent of income is paid on rent, a household is at high risk of becoming homeless.

The outlook for income growth by tenant households is clouded by rising unemployment and the current recession. In addition, the tenant population is

increasingly comprised of single parent families, persons with disabilities, and senior citizens -- groups with historically low incomes. However, several Provincial policies are intended to compensate for the weakening of low and middle income shares.

Pay equity is raising salaries for some jobs, largely to the benefit of women who historically have lagged behind men. Employment equity programs are creating opportunities for disadvantaged groups such as Natives, the disabled and visible minorities to move into mainstream employment, thereby creating gains in their income shares. Proposed changes to the minimum wage could also bolster the share of the lowest income groups. Active enforcement of spousal support court orders assists single parent families. Recently, shelter subsidies provided to those on social assistance have been increased to reflect more fully the reality of housing costs for those forced to rely upon the province for their income needs.

Some would argue that the best way to empower households in making housing choices is to provide direct payments to individuals and families to subsidize rents or mortgages, instead of creating a new supply of affordable housing. The decision to choose an income subsidy over a supply approach is a complex one. The advantage of a subsidy program is that it can be geared to households in need, and that it can be reduced when those households no longer require assistance. This may be a useful way of responding to those households whose only problem is not enough income. The increases to the shelter component for those on social assistance is an example of this approach.

For those who are not adequately or appropriately housed, or for those who have recently moved to Ontario, (e.g. refugees), a shelter subsidy may not be the most appropriate way of meeting their housing needs. The very low vacancy rates in Ontario's urban areas, shows that even with adequate incomes, there is not enough housing available.

A Royal Lepage report stated that, in 1989, market rents would need to rise considerably in order to stimulate the private sector to build an adequate supply of new rental housing. This would significantly increase the costs of a shelter subsidy program while providing benefits to private sector owners. In contrast, a non-profit or public housing program remains in the broader public sector over the long term.

The housing supply problem in Ontario is largely limited to the rental sector. The shortfall in ownership production experienced in the last two years is a temporary condition linked to the current economic bad times. In fact, while overall housing supply during the 1986-1991 period was in general balance, there was a surplus of ownership units, and a shortage of rental units. The Ministry estimates that some 16,000 additional rental units are required each year to keep pace with household growth.

The production of private rental housing is unlikely to occur under current economic conditions. In part, as shown in the discussion about affordability, it results from the inability of many tenants to afford existing housing. As well, rising land and construction costs have discouraged the private sector from building or investing in newly constructed rental housing.

The cost of providing rental accommodation is significantly higher than market rents.

The background information, "The Cost of Producing Rental Housing and the Nature of Government Subsidies" shows a significant gap between the cost of providing a rental unit (the economic rent), and the market rent that people will pay. In each of the six municipalities studied, the total cost is greater than possible revenue. Under these circumstances, it is understandable that private sector investment would be channelled towards more profitable ventures. The unfortunate consequence is that insufficient new supply is being created to meet the needs of Ontario's population growth.

The problems of unsuitable (over-crowded) or inadequate (unsafe or unhealthy conditions) housing cannot be ignored. Low income households may avoid an affordability problem by living in crowded or inadequate housing. Alternatively, lack of choices in the housing market may make individuals and families select unsuitable accommodation, and live in less than desirable housing.

Suitable housing means housing that is appropriate for the requirements of the household. Over 200,000 rental households face suitability problems or over-crowding, and of these, 36 percent (76,000) are in core need. For families, unsuitable housing may mean that teenaged children of the opposite sex share bedrooms. For single parent families, unsuitable housing may mean no bedroom for the parent. For persons released from institutions, unsuitable housing may mean the lack of social supports required to integrate into, and connect with, the community.

There are also over 100,000 households with inadequate housing; of these, 30 percent, or 31,000 households were in core need. This estimate is likely a conservative one as it is based on the perception by renters of the adequacy of their shelter. While tenants may have direct knowledge of faulty wiring, leaking roofs and elevators "under repair", they may not be aware of the condition of the building structure or mechanical systems.

In 1990, half of high rise rental buildings were more than 20 years old, while 60 percent of low rise buildings were more than 25 years old. Some estimates project that by the year 2000 A.D. (in nine years), from 190,000 to 250,000 units will need major repairs, at a cost from 4 to 7 billion dollars. Some 19,000 of the most vulnerable group, residents of rooming and boarding houses, are estimated to live in substandard condition.

While the government will continue to support shelters and emergency accommodation, it has become less acceptable to use such forms for long term residential accommodation. The homeless need homes, not hostels. A healthy environment is needed to rebuild their lives with dignity. Similarly, victims of family violence require safe havens for the long term and not just emergency shelter. Secure housing, particularly for women, also means a reasonable standard of personal safety, that is an expectation that they are protected from risk of assault or of being victimized.

Access to housing means that every individual and family residing in Ontario has the ability to find affordable and suitable housing. People with physical disabilities need barrier-free design to increase their access to a

broader range of housing choices. Low income households, families with children, and members of visible minorities expect that discrimination will not be tolerated by the Ontario government. Access means openness and lack of physical, social and economic obstacles. While there are no precise quantifiable measures of access problems, rental housing owned by the private sector is of particular concern, given the low vacancy rates existing throughout most of urban and rural Ontario.

Access to housing, for those in need of support services, remains a key issue. Non-institutional approaches, such as supportive community living, focus on providing human services required to assist the person or household to live independently in the community. An important concern in supporting independent community living is co-ordinating service provision with housing development.

The problems of affordability, supply, adequacy, and access can only be addressed through a variety of initiatives, not all of which fall within the mandate of the Ministry of Housing. Affordability, for example, can be addressed, in part, through the reforms proposed by the Social Assistance Review Committee (SARC), or through pay equity and better support for children from their separated parents. Access can be addressed in part through the *Human Rights Code*. It is clear, however, that the response must occur on several fronts to ensure that the complex nature of these problems can be fully addressed. The Ministry of Housing has a particular responsibility in the area of housing supply and the preservation of the existing housing stock. It seeks the assistance of the public in charting the course to fulfil its responsibilities.

BASIS FOR REFORM: BUILDING ON STRONG FOUNDATIONS

GOALS FOR FRAMEWORK

The purpose of developing the Housing Framework is to enhance the Ministry's flexibility in developing and managing a set of policies and programs in a comprehensive manner. The creation of the Framework will take advantage of the connections between housing issues. The Framework identifies a set of policy objectives that the government is trying to achieve for its housing policies and programs. The policy objectives will be used to assess the various options available to resolve issues. The Framework will also allow year-to-year flexibility in overall program mix since it will focus heavily on better planning for new housing construction and the preservation of the existing stock.

Through discussion of the Framework, some issues are raised that go beyond the traditional bricks and mortar approach, such as the issue of the funding of temporary shelters and the development of housing for vulnerable client groups (i.e. group and boarding homes), and the need for joint planning for accommodation and support services by the government.

Policy Objectives are required in order that consistent decisions are made with the government's overall goals for housing. Policy Objectives also simplify the task of choosing among the various solutions to individual issues.

As an example, the Framework recognizes that Ontario has - and will continue to have - a mixed housing marketplace consisting of non-profit and co-operative housing, public and private housing. The publicly assisted housing system, including non-profit and co-op sectors, already has a permanent place in the long-term management of housing in Ontario. Government policy will focus on non-profit and co-operative housing as it takes its place as an alternative to the market for the development of housing for Ontario residents. To ensure the permanent place of the not-for-profit sector in the creation and management of an alternative to the market, support for the infrastructure of the not-for-profit sector must be strengthened.

This has significant implications for who is housed in public housing and by non-profit programs, and represents a significant change from the view that such housing was only to be provided as a substitute for market housing. The government may also have other goals and objectives it wishes to achieve through its housing expenditure programs.

POLICY OBJECTIVES

The following policy objectives can be used to judge, in a more concrete way, how a possible solution contributes to realizing the four fundamental principles stated at the beginning of this paper. They are also the "benchmarks" for evaluating solutions that are raised for consultation. They are the basis for future government action.

1. *Increase access by individuals and families to adequate and affordable housing*

The government should directly intervene, advocate and facilitate to support the creation of new affordable housing supply where there is an identified need. The government should also be fully committed to continue to offer program expenditures to preserve and maintain the quality of housing and intensify the stock of existing residential buildings or to convert buildings to residential use. Municipalities should be encouraged to participate in the development of new housing and the preservation of existing buildings through intervention, education and regulation.

2. *Strengthen and further develop the not-for-profit housing system and create opportunities for long-term or systemic change*

The government has become involved in the provision or preservation of housing primarily when the private market was not willing or able to do so. Government programs intended to deal with the "supply gap" were mainly aimed at the private sector. Direct programs such as the stock built by the Ontario Housing Corporation and subsequently the not-for-profit sector were created to provide housing for a market in which supply was limited. In recent years the government has had few private sector supply programs, and the need for more supply has also been met through the not-for-profit sector.

Government regulation or intervention has also focused on meeting the needs of those who would not be served by the market even if they were financially better off (e.g. a special needs household which requires a non-traditional housing form, or a household which requires support services for independent living).

A move away from the substitute or residual approach to not-for-profit housing, towards a view of the not-for-profit sector as a permanent alternative to the market, requires a commitment to continue to house individuals and families with a range of incomes including moderate income families. It is likely that an insufficient amount of private sector rental housing will be developed. This may result in an ongoing commitment to a level of annual production to ensure that housing needs are met. In some respects this is in response to the inability or unwillingness of the private producers to serve the housing needs of moderate income households as well as the needs of lower income households. Greater autonomy and responsibility for community based housing providers is also needed.

3. ***In the development and management of new housing, government spending will be directed to community based not-for-profit organizations to meet the government's housing goals. Programs will be directed at the private sector when they would best meet the government's housing policy objectives. Development by the provincial government could be used to increase supply on lands already held for public housing or where community based groups cannot respond***

The development and management of affordable housing ought to be the prime responsibility of the community as represented by individuals who occupy or wish to occupy affordable housing and the community-based organizations that support them. The government's social goals can be assisted by empowering individuals and giving them the ability to participate in the decisions that affect the homes in which they live.

An annual level of allocations could be planned to ensure that needed housing is available and that a more stable level of government support can be depended on so that community-based organizations are strong and vibrant. This would ensure that the community based infrastructure is in place to meet the necessary level of production. Support should also be provided to educate and train tenants/occupants to empower them to participate in the decisions that affect them. Advocacy funding should be provided to work with municipalities to participate in the provision of affordable housing and in the intensification of the existing stock. Approaches of this nature are based on the long-term benefits of providing a strong not-for-profit sector.

Assistance for the private sector should focus on non-financial benefits such as a supportive policy and regulatory climate to allow the private sector to operate efficiently and effectively. The private sector should also be assisted by the provision of the necessary infrastructure to provide a sufficient supply of serviced land for housing development. It should be remembered that the private sector is also subsidized by government through the tax system.

4. ***In developing programs to create or manage housing programs in the long-term, create a high degree of independent decision-making for not-for-profit housing providers within the framework of the good management of public funds***

Community-based groups, through their umbrella organizations, are becoming equal partners in the provision of affordable housing and share the responsibility with government and the private sector for the supply of new housing. The long term financial capacity of community-based groups must be strengthened so that the organizational infrastructure is created to allow them to be able to develop and manage housing in the long-term. This can be made consistent with the need to account to the public for how its tax dollars are spent.

5. *Provide opportunities for the empowerment of individuals to obtain appropriate housing and to enable them to participate in decisions affecting housing*

Housing programs must be developed to address the social and economic injustices that still exist in Ontario and have resulted in the exclusion of disadvantaged groups from the housing they need. It is not sufficient to "help" these people, they must participate in Ontario's housing decisions and be able to affect their own housing situation.

6. *Base government spending on housing on an overall housing strategy for communities, not on a program by program basis*

In determining whether an individual applicant for a particular program should receive funding, the Ministry of Housing should agree upon housing goals with the community, particularly where there is another level of government directly involved and interested. Each community should have available a range of options for meeting its housing needs, including choices related to tenure, within the context of overall housing objectives. For example, a municipality may have an inadequate supply of affordable or adequate rental accommodation. However, the need for rent-geared-to-income units may not be sufficient to warrant a new non-profit project, but there may be an opportunity for a non-profit or private provider to acquire a non-residential property and convert it to a rental building. By the same token, a municipality may have examined its existing housing stock and determined that a mix of home ownership and rental rehabilitation was required (Ontario Home Renewal Program, Low-Rise Rental Rehabilitation Program). The objective would be to move over time to reduce program barriers to approaches which permit flexibility for communities to meet their housing needs.

The base of a decision-making information system about the housing needs of individual communities has already been put in place, although it is not yet universal. The Land Use Planning for Housing Policy Statement requires municipalities to collect the information needed to plan for its objectives and the Municipal Housing Statement program provides grants to municipalities to collect the information needed to determine their housing needs.

7. *Ensure that government funds are used effectively to address the housing needs of the people of ontario*

Government housing assistance should be cost-effective both physically, in terms of life-time building or program costs, and socially, in terms of its capacity to maximize the effectiveness of expenditures to reduce human and social service costs by creating a supportive community environment. Cost effectiveness must also include an assessment of the costs normally thought of as being outside the cost of housing such as the impact on the environment or energy conservation.

8. ***Recognize that the stock of existing buildings are the greatest resource for affordable housing by preventing the deterioration of the existing built environment and exploring opportunities to create new housing from existing buildings***

The existing stock of housing, including non-profit, co-op, public and private, contains the greatest supply of permanent affordable housing. Government spending programs that systematically improve the stock of existing buildings should be considered. Measures to preserve and intensify this stock can be cost-effective and increase housing choices. If it is not maintained and units are lost as a result of demolition or substantial deterioration, the demand for new supply will increase. It is more expensive to replace a unit than it is to preserve one.

In some cases, more than one objective can be achieved. For example, two Ontario housing programs have components that provide additional assistance to provide disabled access to the existing stock at the time the preservation or maintenance is being done. The additional cost to make the unit more accessible is much less than if the disabled modification was done from scratch.

The existing stock, through intensification and infill development, provides an opportunity to create new housing supply with minimal impact on the environment since it will take advantage of infrastructure that is already in place. It is also an opportunity to create housing with minimal delays through the process since the land may already be zoned for residential purposes and is serviced by the needed infrastructure such as sewer and water systems.

9. ***Actively support a government-wide agenda in environmental stewardship, economic development and social justice***

The development of new housing and the preservation and intensification of the existing stock of buildings should support and promote other Provincial objectives such as a clean healthy environment, energy efficiency, water conservation and a move toward community integration for individuals who were previously marginalized or institutionalized. Public policy must work in a way that achieves better communities and quality of life, not just better or more housing.

The development of new housing and the preservation of the existing stock require major investments, but it is an investment that creates and maintains jobs. As a result of the nature of the industry, the jobs created are generally drawn from the local area, except where special skills are needed. This makes housing an ideal generator of local economic activity. This has been recognized through such activities as the current anti-recession program. Planning for housing should also take the government's regional goals into account.

In applying these policy objectives to resolve issues or evaluate program proposals it is important to be aware of the fact that they may not all be satisfied by a particular solution and some may in fact be negatively affected by particular solutions. On balance, new policies or programs must be a net

benefit otherwise they should not be adopted. It must also be recognized that alternative choices will be the result of weighing policy objectives against one another.

ISSUES TO BE RESOLVED THROUGH CONSULTATION

To help discussion, the issues for review have been divided into nine areas. Each area deals with issues related to a single subject. For example, there are issue areas that focus largely on new production of housing such as the section on "Planning for Predictable Supply". There is another section called "Better Use of Existing Stock" which deals with how to maintain, rehabilitate or intensify existing buildings. Other key areas such as "Access to Housing" address both new supply and existing buildings. The nine issue areas that are set out for discussion are:

1. Planning for predictable housing supply.
2. Building quality housing.
3. Managing quality housing.
4. Better use of existing housing stock.
5. Access to housing.
6. Strategies for housing provision partnerships.
7. Strategies for sector and community development.
8. Strategies for land supply, retention and project financing.
9. Strategies for program delivery and administration.

The last four issue areas deal with strategies to achieve overall policy goals and many of the objectives identified in the first five issue areas. They suggest ways of reaching policy goals as opposed to defining the policy goals.

In reviewing the possible solutions for the issues presented, it is important to note that the various solutions are not necessarily exclusive of one another. More than one solution can be chosen in response to an issue or several solutions could be combined.

It is essential that the government receive the views and suggestions of the public in order to develop the final policy initiatives that will best serve the people of Ontario. That is why each issue area concludes by

asking for "other solutions". It is only by working through problems in this way that the best approaches can be found.

1.
Planning for Predictable Housing Supply

WHAT IS IN THIS SECTION?

The seven issues presented within this section of the paper examine some very critical areas which underpin future housing expenditures and how the government deals with its housing provider partners. Beyond that, it also addresses issues that have to be resolved if significant change is wanted.

The issues presented within this section are basic to planning for new housing supply. What mechanisms should be employed to determine the quantity, type and tenure form of housing that should be delivered in Ontario in the future? Who should be served by government programs and given access to adequate housing? How, and by whom, should housing be delivered? What information is required to ensure a predictable housing supply in the years to come? What role does the community have in assisting the government to attain their mutual housing goals?

An appropriate balance must be stuck between the information and planning requirements associated with meeting housing goals and fitting these into the government's overall spending limits, and the time needed to develop the Provincial Budget.

Views on planning for predictable housing supply will set the foundation for discussions on issues presented later in the paper. That foundation should be solid and provide the basis for the housing future that people in Ontario deserve.

1. What is the best planning cycle for housing expenditures?

Things to Think About

Certainty and predictability in government funding over time is a key consideration in the issue of planning for housing expenditure. Housing

providers and building industry partners are better able to take advantage of opportunities in the marketplace and organize staff and fiscal resources if there is a degree of predictability in the actions of government in relation to spending on housing programs.

The Ministry of Housing has participated in and operated programs that have used different types of planning and funding cycles. The Federal/Provincial Non-Profit Housing Program has a three year planning process, but has essentially an annual allocation of funding and units. The Homes Now Program had most of its units allocated near the beginning of the program, but funding is flowed over a number of years as individual projects proceed toward completion. Some programs (e.g. those for the rehabilitation of existing stock) are not constrained by time, while others are funded and allocated on a single year, or limited multi-year basis with no commitment for future funding.

Shorter planning cycles allow the Ministry of Housing more flexibility to alter its plans to serve emerging needs and respond to changes in community requirements. Care must be taken to ensure that short-term changes, reflected in need and demand information, do not erroneously affect the allocation of funding.

The longer the planning cycle, the more opportunity there is for stability and the capacity to respond to long-term needs in the province, and to match long-term fiscal conditions in the province. Although the effects of expenditures can be better evaluated in a longer planning cycle, it is difficult to forecast future need, and the capacity to respond quickly to unexpected changes or program administration problems may be reduced as the length of the planning time increases.

A continuous planning cycle allows for an "immediate" response to emerging needs or problems. Theoretically, it should allow for the most efficient use of capital and subsidy resources, in part by responding quickly to market conditions. The continuous re-evaluation system is, however, complex, and may not provide the same degree of certainty or predictability inherent in the longer time-frame cycles.

Possible Solutions

A. Short planning cycle (up to 3 years).

B. Long planning cycle (5-10 years).

C. Continuous cycle with ongoing re-evaluation.

D. Annual cycle and review with changes based on current priorities.

E. Options A and B could be modified to incorporate periodic re-evaluations with a longer planning cycle (e.g a 6 year cycle with evaluation every 2 years).

F. A variable planning cycle -- the various planning components could have different cycles (e.g. allocation would be annual with program evaluation and change occurring every 3 to 5 years).

G. Other solutions.

2. How should the mix of housing types and tenures be determined for housing receiving assistance?

Things to Think About

One critical issue the Ministry of Housing faces revolves around the question of whether the Ministry's mandate is to develop and produce only "permanent" housing. Permanent housing is defined as housing which is subject to the *Landlord and Tenant Act*, or similar protection in the case of co-operatives, which gives residents security of tenure. It has been favoured by the Ministry as its main business, although, at different times, and with varying levels of commitment, transitional and emergency housing where the residents are only temporarily housed, have been assisted. The fundamental question to be answered is whether the Ministry of Housing should only be in the permanent housing business, with other ministries and agencies such as Community and Social Services, providing individuals and families with shorter-term shelter. Or alternatively, should the Ministry of Housing form linkages with other ministries and agencies to seek to address any type of housing or shelter-related problems, with the other ministries providing support services where necessary? Since resources will always be scarce, this would involve careful priority-setting.

A second issue to be considered is whether the government should spend money on both self-contained and shared accommodation, and if so, what priority should be placed on one or the other. The Ministry of Housing has traditionally favoured self-contained housing because in the main this is what people have wanted, but has also sponsored a smaller amount of shared housing, particularly for single persons who are not yet seniors. Should the Ministry get involved in actively developing accommodation such as rooming and lodging houses?

Tenure is another important criterion which can sometimes be used to limit the range of government assistance available and to focus the assistance toward identified priorities. The Ministry of Housing currently spends the vast majority of its budget on assisting not-for-profit housing, both OHC-owned public housing, and the community-based non-profit and co-op housing portfolio. Currently, the not-for-profit housing sector is comprised of non-profit rental housing and non-profit co-operative housing, which is an alternative to general rental. Should home ownership, with the potential for gain to the resident, be directly subsidized by government? Could a non-profit ownership model with a limited allowable return on equity be a viable option for consumers and the Ministry?

Possible Solutions

A. Create priorities for, or prohibit, certain types of housing (e.g. permanent, transitional, shared, self-contained).

B. Create priorities for, or prohibit, certain tenure types (e.g. for-profit rental, non-profit rental, non-profit co-op, equity co-op, home ownership, or limited return-on-equity ownership [a combination of ownership and non-profit]).

C. Identify a proportion, or share, that a type or tenure should have in relation to all housing, based on factors such as community need, cost-effectiveness, market conditions, compatibility with other goals, etc.

D. Decide the type and tenure on a case-by-case assessment for application for assistance.

E. Other solutions.

3. What allocation model should determine how housing funds are distributed amongst housing providers?

Things to Think About

Housing providers now make an application to get money to build non-profit and co-op housing. The application includes information on the size of the project, cost estimates, and plans for who will live in the proposed housing project. These plans for who lives in a project are called "targeting plans."

Applications for some programs are restricted to a once-a-year procedure, which can create timing problems since it is often difficult to plan or build with strict time restrictions. The use of "bulk" or reserved allocations in the "Homes Now" program has been successful in the sense that it succeeded in giving large housing producers such as municipal non-profit housing companies, more flexibility and certainty in the development process, although speedier delivery of the units has not always resulted. On the other hand, the exclusive use of bulk allocations would exclude housing proposals from smaller sponsors and communities which are not capable of supporting multiple projects.

The allocation model for housing assistance must be straightforward, accessible to applicants, and make it easy for the Ministry of Housing to respond quickly. It must also, however, meet all fairness and equity requirements which the government's central agencies and the Ministry may impose. These requirements are usually oriented toward ensuring open and

public processes (often with competition or tendering), and maintaining accountability for public expenditures.

The Ministry of Housing is particularly interested in ensuring that less experienced and smaller-scale groups have opportunities to access its programs and funding. There is also a need to streamline certain procedures and to better co-ordinate the housing delivery process so that the Ministry and sponsors are working most effectively together. The housing development process is subject to a number of approval processes which lie outside the control of the Ministry of Housing. How can program procedures be modified to best take advantage of circumstances?

Possible Solutions

A. The Ministry of Housing could continue its current practice of providing project-specific allocations of funds to those who want to build housing through several mechanisms:
   i) proposal call;
   ii) first-come, first-served approach;
   iii) competitive/ongoing evaluation of proposals received.

B. Bulk or reserved allocations could be assigned to certain housing providers in addition to project-specific allocations.

C. Authority to allocate funding could be delegated (block allocations) to Ontario Non-Profit Housing Association (ONPHA), Co-operative Housing Association of Ontario (CHAO), municipalities, regional municipalities, or other identified groups.

D. Use allocations to support other government objectives such as the Greater Toronto Area (GTA) urban structure initiatives to increase density, avoid building on agricultural land, environmentally sensitive issues, etc.

E. Design an ongoing or "rolling" approach of allocating funding throughout the year, or over several years.

E. Use proposal call only.

F. Vary the allocation of funding by program. Identify criteria for the type of funding model to be chosen.

G. Create mechanism so that housing provider association(s) and Ministry of Housing can jointly make allocation decisions.

H. Other solutions.

4. How should the total number of units to be assisted through direct government expenditures be determined?

Things to Think About

The determination of the total number of units to be assisted by the government over a particular period of time could be formulated in a number of ways. Total funding available for new, or improvements to, existing housing will also depend on other equally important priorities such as the need to increase social assistance payments.

One essential precondition to finding an acceptable way to make such hard decisions is to have a good shared understanding of present and projected fiscal conditions.

Possible Solutions

A. Based on the need for housing.

B. Based on the shortfall in supply of rental units being supplied by the private market in comparison to overall rental housing requirements.

C. Based on demand (waiting lists).

D. Determined by fiscal capacity of government (e.g. a fixed percentage of budget expenditures or based on overall priorities).

E. Have a series of community assessments of the number of units needed and add them up.

F. Determine units to be built in whole, or in part, on the need for economic stimulus.

G. Based on the capacity of not-for-profit sector, planning process and ability of the community to support development.

H. Based on opportunities i) in marketplace; ii) to meet other government goals.

I. Other solutions.

5. On what basis should the commitment for housing allocations be made?

Things to Think About

The Ministry of Housing receives its share of the total amount of money available for all government activities from the government's central agencies (Management Board of Cabinet and the Treasury) in the form of a dollar amount. Often, a target for the number of housing units to be built is attached to the budgetary commitment, based on average cost per unit estimates. The issue for review is how the Ministry in turn funds its clients, be they individual households, private landlords, or non-profit housing agencies.

A dollar-based system, with a variable number of units depending on actual costs and other project-specific factors, could put more tension into the system and lead to cost-efficiencies as the Ministry and groups try to extract the most from a limited pool of funding.

A unit-based allocation model could be more closely tied to actual need and demand, but puts more pressure on cost-control mechanisms like the maximum unit price (MUP).

Possible Solutions

A. Total of allocations to be dollar based with the number of units determined by costs.

B. Based on number of units specified with sufficient funding provided for these units.

C. Other solutions.

6. What building forms and standards should be assisted?

Things to Think About

Housing form relates to the type of building in which a unit is located. Examples include single family homes, high-rise, basement apartments. Are there any housing forms which the Ministry of Housing should discourage by making them ineligible for assistance?

Housing constructed in Ontario is subject to a number of federal and provincial standards, including the National Housing Act and regulations, the National Building Code, several Canada Mortgage and Housing Corporation

(CMHC) guidelines, the Ontario Building, Fire and Plumbing Code, and several provincial energy and environmental codes. In addition, for housing it sponsors, the Ministry also applies its own technical guidelines and occupancy guidelines that go beyond industry standards. What standards should apply to housing sponsored by the Ministry of Housing?

One approach to the form of housing to be supported would see the Ministry take a hands-off approach, and require only that industry-wide regulations are followed to. Any form of housing deemed acceptable to the client, built to national and provincial minimum standards would be allowable. Alternatively, a range of criteria could be added to the basic standards which would limit what could be built under certain circumstances. For instance, high-rise development may be feasible from a technical standpoint, but discouraged for a family client group. Bachelor apartments may be acceptable for singles in terms of space requirements, but could be discouraged for clients in a child-rearing age category, and so on. As another example, some housing forms like the "bachelorette" apartment or basement apartment could be disallowed altogether, or subject to larger minimum standards imposed by the Ministry (e.g. related to floor area, access to natural light, etc.).

Additional standards and guidelines imposed by the Ministry of Housing could encourage higher quality of life measures for residents and environmental protection techniques which could work as a model for the rest of the community. It might be that any housing sponsored by the Ministry should have state-of-the-art design and environmental impact reduction features. These would mean additional up-front costs, but could result in lower building life-time costs.

Possible Solutions

A. Any form as long as minimum standards (e.g. *Building Code*, etc.) and Ministry cost guidelines are followed (would include basement apartment, high-rise, etc.).

B. Any form (as per A) but certain client groups discouraged from living in certain forms (e.g. families in high-rise buildings).

C. Absolute restriction on some housing forms eligible for assistance.

D. Positive quality of life and environmental protection standards for housing funded by the Ministry of Housing.

E. Other solutions.

7. What information do we need to plan for future assisted housing programs?

Things to Think About

It should be recognized that it is impossible to have perfect information in planning. However, to become better able to match new supply with need or funding for the preservation, intensification and maintenance of housing with the adequacy and state of repair of the existing housing stock, it is essential that the Ministry develop a thorough understanding of the need for housing and the characteristics of the existing housing stock. Decisions made on the allocation of scarce resources must have a solid basis in order to avoid loss of opportunity.

All of this must be offset against the need for decision-making about production levels and project proposals. If too much emphasis is put on information gathering it could result in paralysis.

Possible Solutions

A. Need projections based on existing statistical information.

B. Demand evidence (e.g., waiting lists).

C. Delivery capability: Ministry delivery capacity, municipal approvals process timing, sector delivery capacity, building industry capacity.

D. Market (economic and demographic) trends in the supply of rental units.

E. Other governmental and non-governmental related initiatives (e.g., improved income support due to implementation of Social Assistance Review Committee recommendations.)

F. Tie-in municipal housing statements (or a modification) with ongoing monitoring of need.

G. Other solutions.

8. How can the government use the knowledge base of community groups to ensure a predictable housing supply?

Things to Think About

Government expenditures on housing supply have been somewhat piecemeal in the past, often responding to "crises" or perceived failures in the market.

Need and demand estimates are based on statistics gathered on a broad basis, administered by various levels of government. Certain limitations are inherent in the need and demand estimates which are used as the basis for planning supply programs, and these are factored into the planning process. However, community-based groups often point out that global need and demand estimates overlook or underestimate entire populations (the homeless or refugee claimants, for instance), and that some form of locally-generated information is also necessary.

Possible Solutions

A. Get input from community-based groups on individuals and families in need of affordable housing (e.g., through surveys, regular meetings, etc.).

B. Ask identified community groups (on a regular basis) about trends they are seeing; tie reporting to project evaluations.

C. Other solutions.

9. How to effectively plan for appropriate community services related to housing?

Things to Think About

A certain proportion of households residing in housing built through government assistance may need help in the form of support services provided by the Ministry of Community and Social Services, the Ministry of Health or other community agencies to stay in their homes or to move into their new homes. That help should not tie them to a particular house but should facilitate housing choices.

Possible Solutions

A. Clearly define responsibilities for community service delivery and housing.

B. Ensure community groups participate in planning by giving information on service needs as they want them (based on standard qualifications).

C. Consider service costs for special needs client groups in allocating housing; direct tie these together.

D. Other solutions.

2.
Building Quality Housing

WHAT IS IN THIS SECTION?

The objective for housing in Ontario is to have safe, secure and affordable housing suitable to people's needs. The intent is to construct, rehabilitate or renovate buildings to provide a good quality of life for residents while ensuring public funds are used as effectively and efficiently as possible. There is also a need to ensure that non-profit and co-operative housing is a real housing alternative for Ontario residents. It is imperative to develop quality affordable housing if non-profit housing providers and government are to meet these objectives.

This section addresses issues associated with building quality housing. Procurement techniques, cost effective measures to control construction costs, financing resources, building design and standards, and the role of residents in developing affordable housing are covered. In reviewing the various issues and possible solutions, there are two major considerations which need to be kept in mind. First, housing assistance needs to be cost effective in terms of life-time building costs and must take into consideration costs normally considered outside the direct cost of housing such as the impact on the environment. The second consideration is establishing appropriate building design and standards that take into consideration the resident's needs, and, works towards maximizing the possibility for community integration.

ISSUES

1. Who should decide what procurement techniques are to be followed in the development of non-profit and co-op housing?

Things to Think About

Procurement techniques refers to the method by which a corporation gets a building constructed or renovated. The following examples are not a

comprehensive list of options but provide a range of the possibilities when addressing procurement techniques choices.

One example of building procurement is the proposal call. It is mainly used when the non-profit corporation cannot find a suitable site and a developer may own one but will not sell the site alone. The developer transfers ownership of the site to the corporation and constructs the project under contract. With the "turnkey" procurement technique, the developer/builder retains ownership of the building site during construction and transfers ownership of both the land and the building to the non-profit corporation upon the building's completion. In the case of a full public tender, a competitive bidding process is used to award a fixed sum contract based on pre-determined plans and specifications.

Using the construction management technique, the corporation engages an agent who acts as the construction manager on behalf of the corporation. The agent arranges to tender the construction work based on the corporation's specifications and plans. This method is best used where the project is large and complex and will take a substantial period of time to complete it and where the housing provider is capable of assessing the performance of the construction manager. It may also be appropriate for rehabilitation projects where the exact work to be done is difficult to anticipate. It can provide flexibility and avoid paying for contingencies that do not arise.

Procurement techniques which involve private sector partnerships or greater risk financing would likely be pursued only by more experienced sponsors but could create innovative opportunities.

The Ministry of Housing has approval authority over project procurement and is concerned with fiscal responsibility and public accountability. Any procurement technique that does not involve some form of public tender or competitive pricing may need to be subject to additional scrutiny. The procurement technique decision is a component of the non-profit or co-op housing organization's "best-buy" analysis for a given site (including market conditions and available financing). When reviewing possible solutions, keep in mind:

- the need to expedite production of needed housing;
- the need to effectively manage public funds;
- the aspirations of not-for-profit organizations to take on greater responsibility and decision-making;
- the need for flexibility to choose the most appropriate procurement technique based on experience of housing providers, market conditions, degree providers want to be involved in managing the development of the project, etc.

Possible Solutions

A. Only permit procurement techniques involving some form of competition or tendering ("best-buy" principle).

B. Allow the housing providers authority over the selection of the procurement technique with limited Ministry of Housing input. Ministry of Housing review limited to the project's technical and financial viability (i,e, "value-for-money" principle).

C. The sponsor may follow "best-buy", "value-for-money" or an alternative principle, but the Ministry reviews and approves all procurement proposals.

D. Vary the approach based on program (ensure control for newer programs) or on experience and track-record of housing providers.

E. Other solutions.

2. How can the building of quality housing be made more cost-effective?

Things to Think About

Both the government and non-profit providers are interested in making the best use of government funding to build and acquire non-profit housing. At present, the Ministry of Housing uses Maximum Unit Prices (MUPs), set in conjunction with the federal CMHC, to restrict the cost of producing housing in various regions of the province. The MUP has various components (e.g., land, building, etc.), and it often acts as a cap on the price of non-profit development.

The Ministry of Housing also reviews all contracts which the sponsoring group enters into, to ensure that fees are reasonable. Where standard fee schedules exist (e.g. architects), contracts must correspond with the schedule. Are there other measures that could be used to build quality housing more cost-effectively? How can the ministry encourage quality building, and quality features for low-income or special needs client groups?

Possible Solutions

A. Use only minimum acceptable standards (e.g. Building Code only, with no additional technical guidelines).

B. Create a pool of pre-approved professionals with fixed fees per project.

C. Facilitate bulk procurement of construction and/or construction materials where a "bulk unit allocation" is awarded, or where providers collectively agree. The Ministry of Housing would continue to develop standard specifications for sizes of rooms, finishes, etc.

D. Use modular or factory-built housing (including for remote areas).

E. Create incentives for work contributions of residents or financial donations by sponsoring housing group (e.g. sponsor-specific amenities could be included if contribution made to reduce overall costs of project).

F. Create and support not-for-profit construction companies.

G. Use joint ventures/partnerships, especially for non-housing uses.

H. Other solutions.

3. How can MUPs be improved to better reflect the costs of non-profit housing? What other alternatives (other than MUPs) are available to ensure the development of appropriate, cost-effective housing?

Things to Think About

One of the goals of the non-profit housing program is the development of cost-effective housing. Maximum Unit Prices (MUPs) are currently one primary vehicle for ensuring this goal. The MUPs are the maximum capital cost for a particular type of unit (high-rise, townhouse, etc.) with a specified bed or bedroom count, in a particular geographic location. MUPs are set and agreed to through a joint federal-provincial process. The MUPs are intended to incorporate all of the costs of developing housing which include:

- Land Cost (Price of Land, Servicing, Imposts, Levies),
- Construction Costs (building costs, improvements, furnishings, equipment, appliances),
- Fees and Charges,
- Contingency,
- Interim Financing,
- Amenity Space.

MUPs are reviewed on an annual basis (sometimes more often) with the objective of adjusting the MUP to reflect changes in the costs of development. Project approval is contingent upon the capital costs including construction financing being at or below the MUP level.

There have been a number of difficulties with the MUP concept. In order to build quality affordable housing, non-profit housing providers have tended to use the MUP as a target. This has caused some tension between non-profit housing providers and the government since the MUP is a maximum limit. Although the MUP was intended to be flexible and take into consideration regional differences, it has not been able to address location-specific differences in the market-place. For example, the MUP cannot generally compensate for the high building costs in inner cities or small infill sites. MUPs do not provide for all site specific costs of development (penalizing unusual or innovative developments), have tended to foster buildings where life cycle issues have not

been adequately addressed and have demonstrated a lack of sensitivity to energy conservation and progressive environmental issues. Key considerations include:

- How can MUPs facilitate the development of affordable housing in all communities?
- What incentives should there be to build quality, cost effective-housing?
- What are the benefits and what are the risks in establishing a new cost-allocation mechanism for Ontario?

Possible Solutions

A. *Status quo* - continue with current system of MUPs, adjusting elements over time.

B. Revise the MUP market area boundaries to be more sensitive to real market variations and actual development costs in various regions.

C. Change or modify the components and timing that determine the MUP to account for perceived shortfalls in the current system for Ontario, notwithstanding lack of federal government agreement.

D. Devise a completely new cost-allocation mechanism for Ontario; move away from the Federal/Provincial MUP system.

E. Establish a project-based cost review system that allows for separate construction and land cost allocations, taking into account the significant variance in land costs across the province.

F. Other solutions.

4. How to maximize the effective use of Provincial financing resources?

Things to Think About

Given that all projects are debt financed for all approved capital costs, any savings that may be achieved in the cost of mortgage financing flow directly to reduced subsidies for housing on the part of the provincial and federal governments.

Prior to 1990, non-profits and co-operatives built under the "Federal-Provincial Global Agreement" were financed on an individual basis. The Ministry of Housing now arranges project financing on a direct bulk basis with interested lenders. This has achieved significant cost savings and allows for greater flexibility and co-ordination across a range of social housing programs.

In recent years, the Federal government has used an innovative form of financing co-operative housing, the index-linked mortgage (ILM). ILM's have

reduced the cost of financing, but place a somewhat greater risk on the lender (and government, as government insures the loan). This is because the repayment of an ILM is tied to the inflation rate. As well, to be marketable, the ILM has had to provide a 5 per cent real return in excess of inflation. In some cases this has exceeded the cost of borrowing by the government through other sources (e.g. Canada Pension Plan (CPP) financing, government borrowing-on-demand financing). In other cases, it has been less; it depends on long-term inflation. Uncertainty about inflation is also a factor to consider in ILM's; how important the risk of inflation is to providers or to the government?

The ILM financing instrument is currently proving useful as a cash-management technique for government as monthly payments initially are lower than with Equal Payment Mortgages. The Canada Pension Plan (CPP) funds as used in the Homes Now program, provides the cheapest available financing but those funds are not always available. There can be overall savings when government assistance is "front-end loaded" for example through an initial capital grant, no-interest loan or use government/sponsor land put in at no value. This places a heavier immediate financial burden on government though. However, it may reduce ongoing subsidy cost-related financing. It is a question of whether in certain cases up-front capital subsidy is preferable to ongoing subsidy over the life of a housing project. If funds come from government, it is a question of what type of subsidy best suits the public needs for housing and fiscal responsibility.

Possible Solutions

Reduce Interest Rates

A. Use the index-linked mortgage (ILM) instrument.

B. Use Ontario Housing Corporation to continue to borrow from Canada Pension Plan (CPP) funds if available or other low-cost equivalent such as government bonds.

C. Use conventional equal payment mortgage (EPM) financing as is currently used in the Federal/Provincial Non-Profit Program.

D. Institute an ethical investor program where the investor groups are facilitated in giving reduced interest loans to non-profit groups.

E. Raise funds through alternative financial mechanisms such as mortgage-backed securities, mortgage pooling.

F. Use tax credits or tax-exempt bonds (would require modifications to Federal legislation).

G. Use Registered Retirement Savings Plan (RRSP) or other pension funds as a basis for financing.

H. Other solutions.

Reduce the debt load

I. Encourage non-profits and co-ops to contribute cash-equity or land to projects to decrease the amounts that must be financed.

J. Use joint ventures to reduce capital costs (e.g. through private sector use of capital depreciation tax reductions).

K. Have government land donation in appropriate cases.

L. Have up-front capital grant for all or portion of capital costs instead of subsidy.

M. Facilitate land leasing to reduce capital cost of land.

N. Facilitate projects with resident equity contributions.

O. Other solutions.

5. How should building design and standards, including life-cycle and environmental initiatives, be established?

Things to Think About

While province-wide standards may be desirable, there also needs to be sensitivity to local community standards. Non-profit housing providers have built housing which generally fits into the surrounding community because sensitivity to community standards helps make the lives of residents more pleasant and can help to promote community acceptance from surrounding neighbours. If successful integration of housing projects into the community is a goal of housing programs, greater flexibility is necessary. Flexibility is an important component when establishing a means to both building design and building standards if assisted housing building design and standards are reflective of community standards.

The majority of non-profit housing has tended to be built with little emphasis on minimizing both long term maintenance and repairs and ensuring that modifications or retrofits are possible in order to meet the changing occupant's needs. The pressure to stay within MUP has contributed to this problem. Life-cycle initiatives reflect the experience of both government and non-profit housing providers who have built and maintain non-profit housing. Whose role is it to enforce standards? How can any system to address standards does not create dramatic differences in housing from one region to another?

Possible Solutions

A. Ministry and not-for-profit sector umbrella organizations create and enforce regional minimum design standards.

B. Create general provincial guidelines that determine the design standard for housing assisted through government expenditures with opportunities

for local flexibility. Guidelines would include guidelines related to barrier-free design, for example.

C. Allow any design (while encouraging sponsoring groups to determine their own appropriate design standards) within specified cost guidelines.

D. Other solutions.

6. How to increase consumer or resident member involvement in the design and development of affordable housing?

Things to Think About

Resident members who live in non-profit housing are in an excellent position to provide direct input to design features of housing. They know what works well in buildings and what does not. Although resident member participation and consultation around the development of assisted housing is not new to the co-operative sector, it is relatively new to most private and municipal non-profit housing providers. There is, however, heightened interest in developing models for meaningful resident participation in an effort to improve overall building suitability and as one effective means for community integration.

Possible Solutions

A. Resources could be made available to not-for-profit sector organization(s) to research and document a thorough range of resident participatory models. Information and support would then be made available to interested applicants, resident members, and non-profit housing producers.

B. Each non-profit housing provider could be required to ensure that both future and current residents are consulted at the various stages of a housing project's development. The Ministry could ensure that the non-profit housing provider's organizational/management plan would reflect this ongoing consultative process.

C. Resources could be directed to housing groups for facilitative management, training, and education around resident member participation.

D. Other solutions.

3.
Managing Quality Housing

WHAT IS IN THIS SECTION?

Good management of housing can mean making sure that operating costs are kept low (without sacrificing standards) or that proper long term planning is in place to ensure that funds to replace a leaky roof are available in 15 years. From a social perspective, good management can also mean meeting human needs in a more direct fashion. It can mean ensuring reliable security of tenure for those who don't own homes, or it can mean government funding to preserve and improve the quality of housing in the private rental sector. It can also mean allowing occupants of housing the opportunity to have a say in how their housing is managed.

Managing quality housing involves balancing financial and human needs. If operating or improvement costs grow too rapidly, taxpayers, auditors and budget managers will sound the alarm. On the other hand, if standards drop sharply or if housing deteriorates, struggling families and individuals experience worsening housing conditions, with social costs which are real and profound. This is harder to identify in a balance sheet.

Good management of housing means finding the right level at which to address each problem.? At present many management functions are centralized at the provincial level while other functions are largely in the hands of a few large housing providers, such as the Ontario Housing Corporation (through Local Housing Authorities (LHAs)) and a handful of large municipal non-profit corporations. What provincial functions can be beneficially transferred to sectoral control? Should the responsibilities of local housing providers be increased? What controls and standards should be retained to ensure fair and consistent treatment for tenants, applicants for social housing, and those living in assisted housing?

ISSUES

1. How to ensure high quality management resources are used in housing projects?

Things to Think About

Good management of housing requires expertise in many areas including budgeting, accounting, maintenance, legal issues such as *Landlord and Tenant Act*, planning, etc. Not all housing providers have the necessary skills and expertise to provide good management. Without this expertise, the quality of housing suffers both in terms of the costs of maintaining the housing and the satisfaction of those who are living there. The skills and expertise necessary to provide good quality management can be achieved through a combination of education and experience. Education must be ongoing to ensure that the changing realities of housing management are addressed. There exists a tremendous amount of expertise in housing management in the private and socially assisted housing systems which should be tapped to ensure continued good management both for housing which exists now and is planned for the future.

Possible Solutions

A. Special education and upgrading courses provide a formal opportunity to access information and skills necessary for good property management.

B. Active participation of residents in selection of staff and management. Residents are usually the best source of information on their needs and how to address them.

C. Establishing educational/experience requirements for certain positions.

D. Creating mentorship arrangements with successful providers.

E. Other solutions.

2. How to ensure residents are involved in the management of their housing?

Things to Think About

Residents know what their needs are. The willingness of residents to participate is the first step to ensuring resident involvement in the management of their housing. Willingness is nurtured through housing

providers giving the opportunity for residents to participate. Opportunity is enhanced by providing the means through support services such as day care and transportation and compensation. In addition, residents must feel that through their participation that change can occur. Housing providers must be willing to share their power and control over the management of housing if they expect residents to really participate.

Possible Solutions

A. Designate resident position(s) on housing provider Boards of Directors.

B. Specify certain decisions that would require resident participation.

C. Require periodic resident meetings.

D. Require resident participation in project management as part of management model plan.

E. Other solutions.

3. What is the most appropriate way to ensure sufficient funding for major capital replacement costs for non-profit and public housing?

Things to Think About

Ongoing proper maintenance practises go a long way towards minimizing the funding necessary for major capital replacements. However, no matter how good the maintenance of housing is, some capital items will need replacement at the end of their useful life. Planning for this occurrence is important part of good management practices. Certain aspect of projects may no longer be appropriate or needed facilities are not available. Capital funding will also be needed to address these changes.

In non-profit housing corporations major capital replacement costs are funded in two ways.

1. Each non-profit has its own "replacement reserve" to cover the cost of replacing the following major items:

Roof Covering	Boilers/Furnaces
Water Tanks	Electrical Systems
Appliances	Floor Coverings
Hard Surfaces/Parking Areas	Septic Tanks, Fields and Pumps

These items are specifically identified because their useful life is less than that of the building structure.

The replacement reserve fund is based on 0.65% of the original capital cost. The Ministry controls the type of investment permitted for the

reserve fund. Non-profit sponsors sometimes find themselves without sufficient funding in their replacement reserve because funding has been used to repair capital items. The formula to determine the funding allocated to the replacement reserve is based on the costs of replacing specific capital items at the end of their useful life. Ongoing maintenance must be addressed through the annual budget. Some not-for-profit housing providers make voluntary additional contributions to their reserve fund.

One of the major concerns with the replacement reserve method of funding major capital repairs is the difference between the costs of borrowing and the return on the investment. Provincial borrowing to fund individual non-profit reserves can be inefficient where the cost of borrowing is greater than the interest on local reserves. The major advantage is that it allows the non-profit housing sponsor control over its on going operations.

2. For other kinds of major expenses, the non-profits must request assistance from a central Ministry fund on an as-required basis. This is called the "Modernization, Improvement and Regeneration" (MI&R) Fund. Co-ops do not have access to the fund.

   The replacement reserve fund system permits the non-profit to be financially more self-sufficient and responsible without eliminating government involvement. However, non-profit housing sponsors may, in spite of good maintenance practises and funded replacement reserve, be faced with emergency or unplanned capital expenditures for which they do not have available funding. Reserves can be exhausted because the contribution is fixed while costs increase, or where reserve funds are spent inappropriately or where interest on the fund is not as great as it could be.

   The non-profit sponsor could raise market rents to pay for these expenditures but many times this is not possible. For this reason, the province provides additional subsidy through the Modernization, Improvement and Regeneration budget.

   In public housing, all major capital replacements are funded through operating budgets as approved by the Ontario Housing Corporation.

Possible Solutions

A. Increase funds in the "replacement reserve" of each non-profit by increasing the annual contribution rate (for example, index amount to construction inflation factors).

B. Centralize the investment of replacement reserves to get the best return but have each non-profit maintain control over expenditure of its reserve share.

C. Establish a more centralized (non-profit) sector-controlled replacement reserve to get best return and increase sectoral responsibility.

D. Eliminate the reserve and fund all capital replacements on an as-required basis as non-recurring expenses (as in public housing).

E. When necessary, arrange mortgage re-financing to pay for replacements, if costs are acceptable.

F. Other solutions.

4. What effective cost measures could be used in relation to the maintenance and operation of non-profit and co-op housing?

Things to Think About

The major components of operating costs are: maintenance, utilities, taxes/insurance and administrative costs.

These project operating costs increase with inflation while capital costs are more static, although they also vary over time with interest rates.

The non-profit program contains an incentive for non-profits and co-ops to keep costs down. This incentive should reduce subsidy costs to taxpayers over the long run.

Efforts to keep the capital costs of the project down often result in higher operating expenses, as discussed in the previous section.

Small non-profits, even if well managed, find it particularly difficult to cope with administration costs which are limited to 6 per cent of operating costs. This also reduces incentives to save in the operating area.

As well, program requirements and subsidy structures often make it difficult to save time and money by streamlining the reporting requirements of small to medium sized non-profits.

Improved management practices can help to reduce the ongoing operating costs. Specific areas to examine include:

- **Portfolio Management** - Many non-profit sponsors which develop several projects could reduce operating costs through sponsor level portfolio management. This would entail consolidated reporting requirements (budgets, audit, non-financial data) to streamline and reduce administration costs.

- **Quality of Management** - There are opportunities to take advantage of existing property management resources such as the Local Housing Authority, existing non-profit sponsors, and non-profit sector organizations to improve quality of management. Additional staff training and education is valuable and can contribute to increased efficiencies.

Possible Solutions

A. Non-profit sponsor portfolio management could streamline budgeting and reporting and improve economies in the purchasing of materials and services.

B. Consolidate and simplify reporting requirements, where differing program requirements and subsidy structures now make this difficult.

C. Enhance specific education and training courses for housing managers.

D. Set up mentor system with successful non-profit groups and LHAs to pass on experience.

E. Create a not-for-profit management services corporation which would work with housing providers.

F. Require bulk purchasing of administrative services, insurance, utilities, etc., co-ordinated by sector organizations.

G. Encourage resident participation to reduce operating costs in all non-profits, not just co-ops.?

H. Ensure that limits on non-profit capital spending are sensitive to life-cycle cost-benefit analysis based on up-to-date cost and technological factors. For example, procedures to ensure the use of a new, high-cost building material which could pay for itself over a 5-10 year period in lower maintenance and heating costs.

I. Create greater flexibility in administrative costs for smaller housing providers or create incentives for smaller providers that reduce operating costs.

J. Identify a basis for administrative costs, other than tying them to operating cost budgets.

K. Other solutions.

5. Should government funds be provided to private housing owners to rehabilitate existing housing (or to create additional units) in such a way that future residents are guaranteed adequate and affordable accommodation?

Things to Think About

Present market programs like Convert-to-Rent (CTR), Low-Rise Rehabilitation Program (LRRP) and the Ontario Home Renewal Program require units to be

adequate as to standards to obtain funding. Affordability is dealt with by requiring that units be provided for the rent supplement program from larger buildings. Assistance is targeted by having income eligibility limits for owned housing. However, there is no guarantee that these units will stay affordable.

It is estimated that about 1,300 rental units per year are demolished or converted to other uses in the private sector.

A federal program (the Residential Rehabilitation Assistance Program) provides a mix of loans and grants to enable lower-income homeowners to rehabilitate and remain in their homes. There are special targets for disabled and native persons.

Possible Solutions

A. Ensure adequacy by requiring consistent provincial standards be met for all programs (non-profit and private).

B. Provide funding only to low-income owners, owners with special needs or to private landlords with rents at an affordable level. Require repayment if goals not met.

C. If new units are being created, require certain proportion to be accessible to persons with disabilities.

E. Other solutions.

6. How can the security of tenure of co-op members and non-profit residents be enhanced?

Things to Think About

Co-op members sign occupancy agreements with no fixed term, which allows them to stay within the co-op as long as the by-laws of the co-op are not breached. Co-operatives have a different relationship with their members than the landlord-tenant relationship in rental accommodation. Co-operatives can opt-out of Part IV of the *Landlord and Tenant Act*, as long as they have comparable by-laws which include grounds for eviction and an internal process for notices of the breach of the by-laws, opportunity to remedy the breach, and procedures for the decision to evict a co-op member by the board of directors and co-op members. An eviction then proceeds for a second hearing in the courts, to ensure that the decision by the co-op is just and that the co-op adhered to its by-laws regarding evictions.

Some persons in "second stage" housing are required to have occupancy contracts, rather than tenancy relationships. These contracts, rather than the *Landlord and Tenant Act* govern the rights and obligations between the residents and housing provider. Residents must agree to meet certain behaviourial standards (e.g. no drugs, violence or undue noise) or to

perform a fair share of households maintenance and cleaning. This can assist those making difficult transitions and protect those who must live with them, but can also be controversial if they are perceived as having fewer rights than other tenants.

Possible Solutions

A. Maintain current system with most rental units covered by the *Landlord and Tenant Act*, contractual arrangements for persons in housing not covered by the *Act*, and by-laws for co-operatives.

B. Put all housing under the *Landlord and Tenant Act*.

C. Enhance the dispute resolution mechanisms for co-op members and those subject to contractual arrangements.

E. For co-op residents, guarantee right of appeal of eviction to a meeting of the general membership of the co-op prior to going to court.

F. Other solutions.

4.
Better Use of Existing Housing Stock

WHAT IS IN THIS SECTION?

Better use of the existing stock of non-profit, co-operative, publicly and privately owned housing covers a range of issues, from standards for repair and rehabilitation to funding mechanisms to maintain a building in good condition throughout its useful lifespan. The impact on the supply of housing within existing buildings through intensification must be considered. The impact of both new supply, rehabilitation and intensification on the quality of life of residents is examined, as well as a discussion of the appropriate use of rent supplement as an alternative to new construction.

ISSUES

1. Should the government make expenditures to assist in the rehabilitation of privately-held buildings to provide affordable adequate accommodation? If so, under what circumstances?

Things to Think About

Ontario's rental stock is aging. Sixty-five per cent of the stock is 20 years old or more and this percentage will increase as proportionately fewer rental units are brought into the stock each year. Studies indicate that the need for major repair is closely linked to the age of the rental stock. While many repair needs arise from inadequate levels of maintenance, variations in building technology (materials, techniques, standards) may also lead to breakdown of material and equipment . In both rental and ownership dwellings, there is a recognized need to promote rehabilitation work in order to maintain adequate building standards and extend the life of the building. As well there is a need to assist in attaining other worthwhile goals, such

as increased accessibility through structural modification or to stimulate the economy.

In 1989, 29 per cent, or an estimated 349,000 of Ontario's rental units, were identified by occupants to be in need of major or minor repairs (Statistics Canada, *1989 Household Facilities and Equipment (HIFE) Survey*). A comparison of data from Statistics Canada 1982-85 HIFE Surveys further indicates that the number of rental units identified as needing major repairs has increased over the last 30 years. As the stock continues to age, there will be a significant increase in the number of rental units in need of major repair by the year 2000.

The existing housing stock represents a significant investment, in terms of labour as well as capital. It is a particularly valuable resource, representing the province's largest source of affordable housing. The value of this stock must be recognized through adequate and ongoing maintenance practices.

Rehabilitation and repair of the existing stock also presents the opportunity to increase the number of units in a building or site through intensification measures. This prospect represents an important supply mechanism which must not be overlooked. The ability to provide new housing units within existing built-up urban areas close to existing social services and to use excess physical infrastructure capacity should be encouraged. In some instances, this may result in short-term neighbourhood disruption or neighbourhood opposition.

Possible Solutions

A. The government should not expend funds to assist owners in rehabilitating and/or maintaining private sector buildings. Adequacy goals for private sector should be met through regulatory standards and the rent control system. Government expenditures should be targeted only at the non-profit sector.

B. The government should expend funds to rehabilitate or maintain private sector buildings through one or all of the following methods:

   i) Revise existing program guidelines and allocate the available funds to assist in the rehabilitation and/or maintenance of existing privately held buildings (sites) (e.g. the Low-Rise Rehabilitation Program [LRRP]);

   ii) Expenditures should be made to undertake structural modifications of existing privately held buildings to enable persons to continue to live independently. Continued program funding and supportive policies which promote independent living would be required (e.g. LRRP-D and the Ontario Home Renewal Program for Disabled [OHRP-D]);

   iii) Expenditures should be directed toward the intensification of existing privately-held housing as this is the most effective way to meet intensification goals (perhaps through Convert-to-Rent); and,

iv) Expenditures should be made to stimulate the Ontario economy as an anti-recession tool.

C. Other solutions.

2. What can be done to better utilize the existing stock for housing?

Things to Think About

Ontario's existing housing stock can be described as the physical manifestation of the various needs and desires that have influenced housing over the period that it was originally built and subsequently modified and rehabilitated. . The specific needs of the original consumers of the housing has often changed with time, leaving units or land that may be too large or too small, or otherwise unsuitable, for current requirements.

The existing residential stock is under-utilized. There is a substantial amount of housing which would appear to have room for more people. As many as 363,500 dwellings in the province have the potential for offering extra space. Yet, in some instances restrictive zoning practices and local by-laws inhibit conversion and intensification. The increase in single-parent households and non-family households have also generated new demands on stock designed for traditional nuclear family household structures. Over-consumption has become a consequence of the mismatch between housing need and the older housing stock available.

Studies commissioned by the Ministry of Housing have shown that there is considerable potential for intensification in existing building stock and previously developed sites. Benefits of intensification include the creation of new housing units without additional infrastructure; the creation of more affordable rental units through conversions at a lower cost than new construction; assisting first-time home owners in gaining access into the ownership market or enabling the elderly to remain in their homes/communities; and the use of the existing infrastructure and built-up area, limiting urban sprawl and the use of farmland for housing.

The Ministry of Housing has pursued intensification strategies since the early 1980s through major research projects and Ministry programs which include the Municipal Housing Statement Program, Convert-to-Rent Program, Home Planning Advisory Service, Home Sharing Program and Neighbours Program. The Ministry of Municipal Affairs also supports intensification activities through the Community Planning Grant Program and the Program for Renewal, Improvement, Development and Economic Revitalization (PRIDE).

More recently, the province issued a joint Ministry of Housing/Ministry of Municipal Affairs Policy Statement on Land Use Planning for Housing

under the *Planning Act* which includes support for residential intensification. The Housing Policy Statement requires that municipalities identify opportunities for residential intensification in areas which meet the three criteria of physical potential, available services and potential demand.

The concept of residential intensification has not gained widespread public acceptance and continued efforts are required. Neighbourhood concerns with intensification are related to property maintenance; parking problems; absentee owners; concern that occupants have different lifestyles; and fear of changes to the neighbourhood.

Possible Solutions

A. Revise existing program guidelines and allocate the necessary funding which will enable the conversion of appropriate non-residential buildings for residential purposes. Continued advocacy, program funding and supportive policies which promote intensification through the conversion of under-utilized or vacant non-residential buildings will be required. This may also include the creation of housing units within existing industrial, commercial or institutional buildings.

B. Expenditures for residential site intensification to increase the number of units on existing sites (infill, OHC and non-profit regeneration, main streets, granny flats). Continue to advocate for programs, policies which promote the intensification of under-utilized forms of housing where appropriate. This might include the creation of additional self-contained units within larger dwellings or the conversion of single family dwellings to multiple rental units (e.g. Convert-to-Rent).

C. Develop a technical demonstration program to assist with the identification of structural modification options (i.e. add-a-unit, subdivide units, duplexing, etc.) in both public and private low-rise and high-rise rental buildings. This would address physical constraints/opportunities to modifying unit sizes to meet projected needs.

D. Expenditures to promote better use of existing housing without physical modification (e.g. Home Sharing, housing unit exchanges). Through the use of a central registry, develop a listing of "under-utilized" or hard-to-lease units which could be accessed through the Rent Supplement Program, or possibly "traded" with another rental facility. Such registries also provide the opportunity to initiate matching and sharing arrangements for singles and seniors.

E. Provide study grants to municipalities to encourage intensification.

F. Fund advocacy programs and enforcement of the Policy Statement as part of overall Housing Statements for communities encourage municipalities to have a more complete and comprehensive housing strategies.

G. Other solutions.

3. Under what circumstances should the government acquire or fund the acquisition of existing private rental stock by the not-for-profit sector?

Things to Think About

Some private sector landlords regard their apartment holdings as investments and seek to maximize their rate of return on them. Some attempt to increase their profits by reducing costs. When capital expenditures are reduced, the quality of rental stock can deteriorate to the point where it is no longer a source of decent housing. Any such shrinkage in the availability and/or appropriateness of private rental stock places upward pressure on the demand for costly provincial supply intervention.

The acquisition of existing buildings provides an additional alternative for non-profit sponsors to obtain housing while helping to ensure the long-term viability of the building through rehabilitation.

New construction may not always be the most viable means of securing affordable housing. The shortage of appropriately zoned and priced sites in the larger urban centres, particularly in the greater Toronto area makes new construction difficult. The acquisition and rehabilitation of private rental stock represents a cost-effective alternative for the development of non-profit housing as the goal for acquisition projects is approximately 75 per cent of the cost of new construction. Rehabilitative work can however be difficult if it significantly inconveniences or results in the displacement of tenants.

Under recent non-profit programs existing stock has been purchased outright by non-profit corporations. This may be an excellent means of assuring its long-term affordability, but in the absence of significant intensification it has little impact on the net supply of rental housing, at least in the short run. There are many other issues as well, such as achieving typical non-profit targeting plans when purchasing a fully occupied building, offering rent supplements to qualifying tenants in the purchased building ahead of those on priority lists and so on.

Tenants also need to be consulted on the nature, extent, and planning of capital improvements to be undertaken in their buildings and how any change in ownership or tenure may affect them.

Possible Solutions

A. Support purchase by not-for-profit housing sponsor only when buildings are at risk from physical deterioration or conversion to non-rental uses and the tenants are predominantly low-income.

B. Support purchase when tenants want to purchase building to form a co-operative or non-profit.

C. Permit purchase when "value-for-money" analysis demonstrates that purchase, rehabilitation and operation of existing stock is more cost-efficient than building and maintaining new accommodation.

D. Permit purchase only when there are opportunities for intensification.

E. Permit purchase when existing tenants' rights to security of tenure can be accommodated together with the achievement of government objectives in relation to serving low-income people.

F. Do not permit acquisition or funding the acquisition of private rental stock; concentrate on new supply.

G. Allow purchase only when proponent has a well developed and realistic plan for conversion to tenant management.

H. Other solutions.

4. What physical improvements to social housing buildings best address the quality of life for residents?

Things to Think About

A number of demographic changes, government policies, and initiatives in the public, non-profit, and co-operative housing sectors have combined in recent years to create an increasingly diverse client population in housing communities. It is a reality that many social housing tenants have special needs which if left unaddressed, contribute to severely diminished quality of life and could potentially threaten their tenancy. There is pressure and urgency within the housing system for housing providers to play a role, where appropriate, in assisting tenants to access the necessary support services. It is hoped that through participation in decision-making, and linkages with appropriate agencies and Ministries, the quality of life for individuals as well as the community can be enhanced.

No one option can sufficiently address the multi-dimensional aspects of "quality of life". However, there is a physical component inherent in the discussion of quality of life issues that must be considered.

Numerous housing projects are beginning to show signs of social and physical deterioration. This is as much a function of age as it is of the choice of materials and the physical design popular at the time of project development. Older stock may no longer serve the needs of the tenants it houses. Regeneration of the stock could include: physical upgrading, conversion of uses, introduction of new uses, site re-design, physical integration through roads and sidewalks, re-configuration of units, intensification, change in management approach, could directly affect social issues that relate to quality of life (e.g. safety and security).

Possible Solutions

A. Regeneration of existing aging stock through:

- greater security and safety features;
- new facilities or amenities; and/or,
- redevelopment and intensification or redevelopment as a multi-use project.
- change in project management (e.g. conversion to co-op tenure)

B. Through tenant participation and input, identify options for improving the physical environment of each individual housing project through building and amenity improvements (e.g. community space, landscaping, common rooms, etc.).

C. Other solutions.

5. To what extent and under what circumstances should intensification of Ontario Housing Corporation sites occur to increase the supply of affordable housing?

Things to Think About

The Ontario Housing Corporation owns and manages a portfolio of public housing consisting of approximately 84,000 units across Ontario. A number of these sites are underutilised, and could support additional housing units through intensification and redevelopment. Some of these sites could also be redeveloped as mixed use projects.

It is becoming increasingly difficult to find sites that are both suitable and reasonably priced for the construction of assisted housing. It is sometimes possible however, to construct additional housing units on existing underutilised project sites owned by OHC through new construction or infill or the conversion of "non-residential" space. The savings in land cost for such new units may also offset the cost of redeveloping existing units on project sites.

Possible Solutions

A. Intensification initiatives on OHC sites should be evaluated on a case-by-case assessment -- particularly when community support can be gained.

B. Intensification could be used as a catalyst for community development to address the problems in management and quality of life issues as well as regeneration of Ontario Housing Corporation stock.

C. Initiatives would be permitted only on sites where there is adequate capacity to absorb the increased densities and in neighbourhoods where there is not likely to be significant community opposition.

D. Restrict building on OHC sites as it continues to concentrate lower-income persons.

E. Permit building on OHC sites whenever it would be more cost-effective than other supply alternatives.

F. Permit building only if such activities will increase the range of housing choices available and will result in the redevelopment or improvement to existing OHC buildings on site.

G. Other solutions.

6. Under what circumstances should the government pay rent to private landlords through a rent supplement system to provide housing to lower-income persons (households)?

Things to Think About

Through the Rent Supplement Program private landlords receive the difference between geared-to-income rents (25 per cent of income) and the full rental rates, which are negotiated between the landlord and the Ministry of Housing. Under existing Ministry programs such as Convert-To-Rent (CTR) and the Low-Rise Rehabilitation Program (LRRP), landlords with multi-unit buildings may be required to offer a portion of their units for rent supplement purposes as a condition of program participation.

Possible Solutions

A. Take private rent supplement approach whenever it is more cost-effective than building new supply or acquiring new supply through the non-profit or co-op sector.

B. Use private rent supplement when it would meet certain client need, that could not be met otherwise.

C. Use private rent supplement as a transitional measure to assist in addressing immediate need, pending the building of non-profit/co-op housing.

D. Use private rent supplement as an adjunct to government expenditures which assist the private sector in carrying out rehabilitation, structural modification and/or the creation of additional units.

E. Use private rent supplement as a tool for income mixing in communities to create greater choice for individuals.

F. Use rent supplement only in not-for-profit buildings.

G. Other solutions.

7. What are the best means of ensuring that the existing stock is maintained at a level which ensures its continued viability?

Things to Think About

The existing stock is one of Ontario's largest and most important assets. The older portions of this stock have traditionally provided affordable housing for a significant number of low to moderate income households. As a result, the maintenance of this stock, especially the older portions, and the mechanisms employed to achieve adequate levels of maintenance are of vital importance and will continue to be so in the future.

Possible Solutions

A. Identify and implement government programs to promote regular maintenance and repair work (e.g. LRRP, Rooming Houses, Ontario Home Renewal Program [OHRP]).

B. Require all municipalities to have and enforce standards by amending Provincial statutes such as the *Municipal Act* or the *Planning Act*.

C. Develop legislation to require municipalities to set out building performance standards. This legislation could identify key maintenance activities necessary to address material and equipment degradation by building typology (categorized by structure type and age). Each maintenance item could then be scheduled on the basis of standardized replacement timetables, and in response to the needs of each particular building.

D. Develop standards for existing buildings. The legislature mechanism is being created under the Building Code Amendment Act, 1991 which was introduced for first reading in May, 1991.

E. Other solutions.

5.
Access to Housing

WHAT IS IN THIS SECTION?

Those who do not have a decent, affordable, secure place to live may face a lack of access to existing housing as well as a shortage of new housing which could suitably accommodate them. In other words, the lack of access to housing may reflect the injustices that many disadvantaged groups have faced in Ontario, or other barriers within the housing system, and not just a shortage of accommodation in the housing market as a whole.

Improved access is sought not only for basic shelter, but for a liveable community. The challenge is to begin to overcome the reality that too many are denied the housing they need in the community they want. To do this, what is required, is a partnership amongst government, individuals who have experienced disadvantage in the system, and community groups that support and represent these individuals.

In the material that follows, a number of considerations are identified which affect the issue of access to housing:

1. A range of housing choices is needed to suit a wide range of housing needs, and people may need better ways of making informed choices.
2. There are many people who have an urgent and pressing need for appropriate housing, and who may be homeless, in shelters or are unable to find housing even with moderate family incomes.
3. Flexibility is needed to allow housing providers to respond to change over time.
4. Improvements are needed in terms of cost and administrative ease.
5. Housing must be responsive to community needs.

ISSUES

1. Who should be eligible to live in assisted housing?

Things to Think About

The Ontario Government has supported the concept of income integration within non-profit housing projects. Under the current non-profit housing programs, housing providers must use a minimum of 40 percent of their housing units for the very neediest clients ("deep" need), with the remainder serving a range of households from additional deep need to those paying market rent. Co-ops provide a minimum of 25 percent of their housing units for deep need households with an additional minimum 15 percent targeted for deep or "shallow" need households. There is flexibility for all producers in targeting the remaining 60 percent of units, however, a mix of deep and shallow need, and market rent households is common. All households except those in "market rent" units, pay rent geared-to-income (RGI). On average, approximately 72 per cent of the units in all non-profit housing produced under current programs have rent geared-to-income (RGI). Within the RGI category, there is a wide range of incomes (e.g. in Toronto, a family of four earning $52,000 would qualify for "shallow" RGI assistance). "Market rent" units do not receive geared-to-income subsidy, but do benefit from temporary supply, or "bridge" subsidy accorded to all non-profit housing units.

Provincial policy has not restricted access to the market rent units in housing projects to particular income groups. Some housing providers may have voluntarily adopted income ceilings; some have not. In some areas, households with moderate incomes may be able to rent a housing unit that is affordable to them and most households in the upper income bracket would, of their own choosing, prefer to seek luxury accommodation or homeownership. Recent studies show that, in Ontario, across several programs, approximately 4%-8% of co-operative units are occupied by households earning $60,000 or above. However, CMHC has recently introduced income ceilings for households upon entry in its Federal Co-operative Housing Program. Those whose incomes increase after they move in may remain in their home, subject to a surcharge.

Some of the reasons given over the years for supporting income mix are:

- the objectives of the non-profit/co-operative housing sectors are to meet the range of housing needs within their community or constituency, and to maintain diverse, balanced and effective communities which encourage social tolerance and foster higher aspirations for a "better life" through "role modelling";
- concerns over quality of life in housing projects and the surrounding community where there are high concentrations of very low income households, a number of whom may face other major life problems (e.g. disability or mental illness, abusive domestic situation), and social problems often attributed to this;

- need expressed by the co-operative sector to have a variety of household types who would bring a range of skills to the management of a co-op housing project;
- encouraging security of tenure, and community stability within housing projects if people are allowed to remain when their financial situation improves or fluctuates; it may be inequitable and legally impossible to penalize people through eviction, or income surcharges above market rent, for bettering their income, for example, by taking seasonal work;
- there is a need for market rent housing among moderate income households in many communities, due to a shortage of rental housing;
- market rents for housing projects result in reduced project operating subsidies, and allow funds to be spread over a greater number of units;
- in earlier projects, the revenues from "market rent" tenants after several years were expected to help subsidize the rents of rent geared-to-income tenants;
- acceptance of assisted housing within the wider community, and less stigmatization of residents in mixed income projects -- an issue more in family and singles housing than in seniors or supportive housing.

However, in recent times, this policy of permitting a wide range of income groups in assisted housing has been questioned, for reasons such as the following:

- fewer housing units are available to satisfy the long applicant waiting lists in many communities for RGI housing, and the particularly great need among many people in poverty and otherwise dire circumstances;
- in times of economic recession and fiscal restraint, some are questioning the direction of public subsidies -- up to $1,000 per month -- to middle and some upper income households living in market rent units who have other housing choices (even though only a few percent of residents could be considered "upper income");
- as a result of the dramatic rise in the cost of building and maintaining housing, market rent units built today will never be in a position of subsidizing RGI units tomorrow;
- it has been questioned whether a wide range of household incomes, including high income households, is important to the well being of a community, or may in fact result in a less cohesive community, greater social conflict, and the further discouragement and isolation of poorer households;
- it is held by many that high RGI projects (even 100 percent RGI) can become healthy communities if designed and managed properly

and if efforts are directed at community development and ensuring the availability of necessary support services;

The ability of housing sponsors to target for a mix of incomes through offering units at "market rent" may even be challenged. For example, a complaint could be lodged under the *Ontario Human Rights Code* in a case where a household with very low income was denied housing because a certain percentage of units in a project were reserved for households who could afford market rent, particularly if any of these units were to lie vacant.

<table>
<tr><td colspan="3">RENT GEARED-TO-INCOME</td><td>MARKET RENT</td></tr>
<tr><td colspan="2">CORE NEED</td><td rowspan="2">NON-CORE NEED

RGI</td><td rowspan="2"></td></tr>
<tr><td>Deep Need</td><td>Shallow Need</td></tr>
<tr><td></td><td>Deep need
income cut-off</td><td>Core need
income cut-off</td><td></td></tr>
</table>

Possible Solutions

A. Universal eligibility - all persons in Ontario may be eligible to apply for and live in assisted housing.

B. Only those below a certain income level may be eligible to apply, but no cap on income once they move in.

C. Only households with low incomes, as well as those who have special needs (e.g. person with physical or mental disabilities, assaulted women) may be eligible to apply, and live in assisted housing.

D. Universal eligibility, but surcharge applied to higher income households.

E. Universal eligibility, but all households charged 25 percent of their income for rent.

F. Other solutions.

2. What is an appropriate income mix in assisted housing?

Things to Think About

The approach to targeting by non-profit and co-operative housing groups has been discussed in Issue 1 above. There is considerable flexibility within the policy for groups to target a range of incomes, outside of the minimum 40 percent deep need requirements (25 percent deep and 15 percent other core need in co-ops). In practice, however, the Ministry has given strong preference to groups which target for high rent geared-to-income (RGI) levels, such that over 70 percent of the non-profit allocations since 1986 have been RGI, and a substantial proportion are for the very neediest. Since 1986, the Federal Government has only cost-shared core need units in the joint F/P Program. Ontario unilaterally funds all non-core need units in the F/P Program, and all units in its own programs (P3000, P3600, Homes Now, and the 10,000 unit program recently announced in the Provincial Budget).

The current proportion of RGI in projects is substantially higher than in pre-1986 assisted housing programs in Ontario, many of which had a maximum limit of 25 percent RGI units in the project. Nevertheless, the income profiles of pre-1986 projects may indeed be similar to the later projects. This would occur because the market rents in projects in the older program were "low-end of market", appealing to households which could not afford private rental accommodation. "Market rents" in the current program are at par with similar/neighbouring accommodation in the private sector.

The Ontario Housing Corporation (OHC) stock is nearly 100 percent RGI, and is predominantly occupied by households with very low incomes. The Ministry's rent supplement program in which units are leased under contract from commercial or co-op buildings is 100% RGI, but the units are scattered throughout buildings. These buildings typically have low to moderate overall proportions of RGI to market units.

Possible Solutions

A. 100 percent RGI in all assisted housing.
B. 100 percent core need in all assisted housing.
C. Have a mix of incomes with majority of core need required in all assisted housing.
D. Have a mix of incomes with majority of deep need requirement, in all assisted housing.
E. Continue non-profit policy of income mix flexibility in all assisted housing, but have a minimum percent core need or deep need (e.g. 40 percent deep need).
F. Continue non-profit practice of income mix flexibility in all assisted housing, but give preference for higher RGI levels.

G. Create income mix guidelines which would vary depending on type and size of project (e.g. apartment/townhouse) or client group (e.g. seniors, special needs, singles, families).
H. Have different income mix policies for non-profit, co-operative, public and rent supplement housing sectors.
I. Other solutions.

3. Who should have priority of access for RGI component of assisted housing?

Things to Think About

At the present time, there are different mechanisms for selecting rent geared-to-income tenants to live in non-profit housing projects. The Ontario Housing Corporation (OHC) priority rating system, whereby tenants are selected on the basis of greatest need (highest points), is the current practice followed in both public and rent supplement housing. The OHC Board has recently mandated that this system be re-examined. A task group chaired by Ministry of Housing staff, and involving a broad range of housing providers, is addressing these issues together. OHC has also given priority to assaulted women and their children over all others on the waiting list, as safe and affordable housing is critical in helping such households escape dangerous situations.

The point rating system has been criticized, however, because (a) it is complex (it attempts to measure income, adequacy, health and emergency needs), (b) the distinction between the need of different households is based on the judgment of the housing agency , that may be considered arbitrary at times, and (c) applicants have no ability to anticipate when they may be housed, as newer applicants may be assessed with a higher number of points.

As explained in Issue 1, non-profit sponsors target by income band (deep core, shallow core, shallow non-core, market rent). Non-profit sponsors are required to fill 20% of their units (deep need) with the neediest applicants referred by the local housing authority. Within each band, approaches vary by sponsor. Some non-profit sponsors prefer the "first-come, first-served" (time spent on the waiting list) approach to the selection of tenants. Some have their own needs assessment or priority criteria. Co-operatives have a membership selection process to determine whether an applicant is interested in and suitable for co-operative living. Tenant selection based purely on chronological waiting lists would also have limitations: it could not respond quickly to changes in eligibility (e.g. refugee claimants), to emerging housing needs, or to changes in a household's level of need.

As previously discussed, the reasons for the wide flexibility in non-profit housing include the desire of community groups to (a) create communities based on common characteristics other than income level, (b) avoid some of the social problems often attributed to accommodating only the neediest

households, (c) achieve a blend of incomes within their projects, and (d) appeal to acceptance by the neighbourhood.

Targeting and point rating systems that give preferential treatment to the neediest often produce high concentrations of households who face great difficulties coping (e.g. women escaping abusive situations, people with psychiatric, developmental and physical disabilities, etc.) and who often need high levels of support. All too often, the support services are not available, and with limited options, many of these people are unable to improve their situations and move on. Do current practices which give priority to the neediest in fact contribute to unhealthy housing communities and poor quality of life? Or do they give more needy people a chance at decent and affordable housing, and opportunities to develop strong communities? How can the sometimes severe need for housing be balanced with the desire to provide healthy communities and a good quality of life?

There are concerns that non-profit subsidies are not being allocated to households who most need assistance. However, if non-profit sponsors were to use the OHC point rating system for all their units, there would, in effect, be no income mix.

Clearly, there is not a consistent system used for the selection of tenants for RGI units across the province. This has resulted in confusion and differential treatment for applicants, and different living environments for residents.

Possible Solutions

A. Neediest first for all assisted housing (current OHC point rating system).

B. Neediest first for all assisted housing but establish new point rating system.

C. Have special priority for specific client groups (e.g. persons with disabilities, assaulted women, etc.).

D. Have targeting plans by income group for all assisted housing.

E. Use a chronological system (first come, first served) for all assisted housing.

F. Hybrid of some options above (e.g. by chronological system, neediest first, or special priority group within each income band).

G. Different approaches established for each housing sector (public, rent supplement, non-profit, co-operative).

H. Wide flexibility permitted for housing providers (LHAs, non-profits, co-ops, private landlords).

I. Other solutions.

4. To what extent should non-profit housing providers have a choice of needy applicants referred from Local Housing Authorities?

Things to Think About

Under the Ministry's referral policy, non-profit providers are required to fill at least half of their required units for the very needy (i.e. minimum 20 percent of all units in a project) from the neediest applicants on the Local Housing Authority (LHA) waiting list. Non-profit waiting lists may consist of applicants from a particular client group (e.g. a specific ethnic, racial or religious group), as well as general applicants, and applicants are not ranked by the OHC Priority rating system, but are usually prioritized by some known criteria (e.g. length of time on waiting list, income, current housing situation, and so on, or some combination of the factors). In addition, co-operatives seek responsible residents who demonstrate an interest in the process of communal management, and who have skills to bring to the various committees and boards involved in co-op housing.

When receiving a referral, some non-profits choose from two LHA applicants. This allows the non-profit to select the one applicant who best fits in with the housing community. The disadvantage with this process is that there are needy people who are consistently denied housing among non-profits, being seen as less desirable tenants due to a behaviourial problem or lack of life skills. Thus, such applicants typically end up in OHC housing, leaving public housing communities with the bulk of social problems and instability.

Some non-profit agencies have refused to follow the referral requirements, despite Ministry encouragement. To what extent should non-profit housing providers be required to accept referrals from LHAs? Furthermore, how much choice should non-profits have between referred applicants?

Possible Solutions

Non-profits/co-operatives should be required to take applicant(s) referred from the LHA waiting lists to fill:

A. Half of their deep need units (as under existing referral agreements).

B. All of their deep need units.

C. All of their core need units (both deep and shallow).

D. All of their RGI units (deep core, shallow core and shallow non-core).

E. No requirement. It is optional.

F. Other solutions.

Of those needy applicants referred from LHA waiting lists, non-profits/co-operatives should have:

A. No choice. They should take the neediest applicant on the LHA list.

B. Choice of two applicants (status quo).

C. Choice of three or more applicants.

D. Other solutions.

5. How can access to the existing stock of assisted housing be increased for low-income households?

Things to Think About

In view of the substantial and growing demand for affordable housing, and limited funds for new construction, ways must be considered to increase access to the existing stock of private and assisted housing for those with low incomes. Options may be considered with respect to (a) increasing rent geared-to-income assistance within the existing stock, (b) guarding against discrimination faced by low-income households, and (c) improving access to existing stock through shelter allowances. The latter policy has already been pursued by the Ministry of Community and Social Services in its reforms of the social assistance system.

Among the possible options are to promote an increase in the rent geared-to-income ratios within assisted housing programs in place prior to 1986. These earlier programs had very low RGI levels (20-40 % RGI overall) compared to post-1985 programs (over 70% RGI overall). The low levels were the result of federal subsidy and provincial policy ceilings, typically 25 % RGI, for family housing projects, for reasons given under Issue 1.

Similarly, a number of private sector supply programs (e.g. Low Rise Rehabilitation Program, Renterprise, Convert-to-Rent) have ceilings of between 10 and 40 percent RGI. Generally speaking, actual RGI levels in these programs fall well below the maximums. Furthermore, in the private Rent Supplement Program, there are neither maximum nor minimum RGI levels.

These policies are in marked contrast to the 100 percent RGI policy in public housing, where tenants are selected on the basis of greatest need.

The issue of inconsistent RGI levels and tenant selection practices between housing programs and providers is under review, especially in light of the substantial need for rent geared-to-income housing. That is, more applicants could have access to rent geared-to-income accommodation if higher RGI levels within the existing stock were encouraged, given that this would be far less expensive than building new accommodation. The difference in approaches between the various housing providers is also confusing for applicants and creates inequities within the system. Furthermore, it has also been argued that a greater income mix within public housing, more closely resembling that in non-profit housing, would create more balanced and stable communities.

Possible Solutions

A. Expand the private Rent Supplement Program.

B. Maximize opportunities through private market supply programs.

C. Promote higher RGI levels in pre-1986 non-profit and co-operative housing.

D. Ensure observance of the *Ontario Human Rights Code* and the *Canadian Charter of Rights and Freedoms* to prevent discrimination by landlords of public, non-profit, co-operative and private rental housing.

E. Affirmative action/community development initiatives within assisted housing to enable certain client groups to develop housing appropriate to their needs.

F. Other solutions.

6. In what ways should targeting plans be more flexible?

Things to Think About

The targeting plan for a non-profit housing project determines the proportion of rent geared-to-income (RGI) versus market units in a project. In addition, several categories within RGI are differentiated based on income level ("deep core", "shallow core", and "shallow non-core"). Targeting plans are set early in the development process, and allow the government to project subsidy requirements from year to year.

Funding allocations are based partly on a non-profit group's targeting plan. In recent years, preference has been given to projects with higher RGI levels, although a considerable mix of income groups within RGI is acceptable. This ensures more rent geared-to-income accommodation will be available to needy households, and also maximizes the federal funding contribution for housing, given that the federal government only cost-shares the "core need units".

However, during the lifetime of the project, need and market conditions sometimes change such that the original targeting plan is no longer an appropriate response to the needs of the community. Furthermore, the practice of targeting plans, especially where they are inflexible, could be viewed as unfair to those not within the target group.

Possible Solutions

A. Minimal flexibility allowed; only minor and/or temporary variances from original plan allowed.

B. Streamline and shorten approval process for altering targeting plans (although approval not guaranteed).

C. Each housing provider to maintain the minimum 40 percent deep core and be allowed flexibility to change the mix for the remaining 60 per cent, subject to Ministry approval and availability of funds.

D. Targeting plans would be set within fixed ranges, allowing the housing provider the ability to effect changes within the defined range. Periodic amendments to the ranges may occur with the approval of the Ministry.

E. Other solutions.

7. What kinds of social mix targeting is acceptable within assisted housing projects?

Things to Think About

In earlier times, only families and senior citizens were accommodated in assisted housing. Now, the various housing programs serve all types of households, including single and two parent families, couples, unrelated individuals, senior citizens, and individuals (including those with physical, developmental and psychiatric disabilities).

The *Ontario Human Rights Code* and the *Canadian Charter of Rights and Freedoms* may have an impact on the ways in which different client groups will be housed. Complaints against a landlord could potentially be investigated by the Ontario Human Rights Commission for a number of reasons, including:

- restricted access of applicants to accommodation on the grounds of race, ancestry, place of origin, colour, ethnic origin, citizenship, creed, sex, sexual orientation, age, marital status, family status, handicap or the receipt of public assistance;
- restricted access for other reasons which would have the effect of discrimination on the above grounds;
- landlord harassment of tenants; and,
- harassment between tenants.

The prevailing policy is to allow non-profit and co-op housing sponsors considerable discretion in defining their target groups. However, the first two points raised above are critical from a policy perspective. If taken literally, the ability of housing providers to provide accommodation designated for specific client groups may be constrained, such as seniors' buildings, supportive housing for disabled persons, women's shelters, ethno-specific projects, etc. Another common means of preferential treatment is to have separate waiting

lists for certain client groups, or to give certain groups priority over others (or additional points on the point rating scale).

Housing for other specific client groups, such as disabled persons, victims of domestic violence, homeless individuals, and persons of particular ethnic origins, hinges on a "special programs" clause in the *Ontario Human Rights Code* allowing programs designed to relieve the hardship or economic disadvantage of specific groups. Indeed, some of these groups (e.g. persons with disabilities, persons of a certain racial origin) face discrimination or lack of choice in the private rental market. There is, therefore, a reliance on assisted housing, regardless of income.

Such specialized housing affords people a living environment with other households who may have language, background or current need in common. Such housing may include a physical setting, recreational programs, and support services designed specifically for this group. While many people with special needs would prefer to live in an integrated setting with all types of people, it has been believed that some individuals require, or desire, a segregated environment, and would not consider integrated housing for themselves. Furthermore, the motivating energy to develop and maintain non-profit housing often comes from racial, ethnic, religious or support service community groups.

An approach may be considered whereby certain projects may be targeted for a specific group, but other needy households may be accommodated if their situation is pressing. These applicants could be accepted on an exception basis, or limits could be imposed such as maximum percentages or occupancy of specific floors or wings. However, the policy, the practice, or any ratios set may be deemed arbitrary or discriminatory.

In particular, the question of whether buildings should be dedicated for seniors only has recently come under close scrutiny. Very limited rent geared-to-income accommodation presently exists which is suited for non-senior single persons -- a recently eligible group. Pressure has been mounting to house these individuals in OHC seniors' buildings for which there has been a decrease in demand by needy seniors. Where this has occurred, there has often been a substantial backlash from senior citizen tenants. Data indicate that a great many seniors desire separate housing, due to the cohesive community life and mutual support common within these buildings, the relatively quiet lifestyle inconsistent with the lifestyles of many younger individuals, and the feeling of vulnerability or insecurity some have around younger people, especially those with behavioral problems.

Debate on this issue centres around two points:

a) Should there be buildings dedicated to the exclusive use of seniors? What if, in a community, there is little suitable housing for non-seniors other than in these buildings?
b) If government is to continue funding of seniors buildings, should the minimum age limit remain at 60 years or be changed to 65 years?

This latter issue is of significant legal importance. There is a provision in the Code stating that preferential treatment may be given to persons age 65 or older. Housing where the age limit for seniors has been defined as age 60,

has instead rested on the "special programs" clause for programs which relieve hardship or economic disadvantage of specific groups.

The Ontario Human Rights Commission advises that any complaint respecting all the above would be tested on the merits of the individual case; efforts must be made to meet the housing demand of all needy client groups in that community; and if certain client groups are being served before, or to the exclusion of others, policy makers and housing sponsors should have very strong grounds for doing so.

A fundamental issue in this debate is that of choice: (a) the preference of those who live in a given building balanced against those who are excluded, and (b) the availability of suitable alternatives for the person seeking accommodation. For example, there are certain public housing communities predominantly occupied by members of specific ethnic-racial backgrounds. Is this self-selection process positive in terms of nurturing a sense of community? Is this being exclusionary, in terms of limiting the choice of others? Are there reasons why this should be discouraged, and do these outweigh any benefits? To what extent should housing providers become involved in targeting a particular mix of social groups in order that a perceived "healthy community" may be realized?

Whether it is advisable to continue to support tenant selection methods that dedicate housing units or entire buildings for specific client groups is an issue that must be reconsidered, both in light of the best interests of the client group, and of those being excluded from housing.

Possible Solutions

A. To continue to allow housing providers to offer separate housing for:
   - seniors;
   - persons with a particular disability or support service need;
   - persons of a particular ethnic, racial or religious background; and,
   - persons with other characteristics in common -- type of occupation (e.g. an artists' co-op), union or club affiliation, sex , sexual orientation , etc.

B. Housing may be targeted for certain groups, such as those above, but needier applicants not falling within that category should be allowed to live in these projects.

C. Minimum quotas or maximums within projects reserved for specific client groups, such as those above.

D. Housing where existing occupants or housing staff can select suitable applicants who would fit in with the community (e.g. co-ops).

E. No housing targeted for specific client groups should be permitted.

F. Other solutions.

8. Are there social groups which should be excluded from living in assisted housing?

Things to Think About

There are certain social groups that may be considered inappropriate for living in assisted housing.

People who require but do not have support services (e.g. life skills, attendant care, nursing or homemaking, out-patient psychiatric treatment) necessary in order to live independently and fulfil the responsibilities to the landlord and the resident community have, in the past, been considered inappropriate for assisted housing. OHC and many non-profit housing providers have held that if support services are required, the resident must use them in order to be eligible for housing, whether the services are provided within the community or, in certain cases, on-site. The difficulty has been, however, in identifying those who do require services. At present, OHC relies on self-identification, except where the person has been referred directly from a support service agency. Some non-profits exercise greater discretion in their selection process, discretion which may be challenged under human rights legislation as discriminatory. The other issue is that once a tenant, is it fair, compassionate, or even legally possible, for a landlord to evict such persons should the support services be withdrawn or should the person choose not to use them?

The same can be said of practices used to screen out people who have a history of anti-social behaviour (e.g. drugs, vandalism). Though difficult, some people with these problems could be identified through such methods as landlord references and home visits.

The practical issue is that housing communities may break down if residents are included who cannot function independently and responsibly. Landlords have a responsibility to preserve the safety, security and quiet enjoyment of all residents. The moral dilemma housing providers face is that if such persons are refused housing in the private sector, and then denied assisted housing, they may have nowhere to live?

Another group currently ineligible for assisted housing is applicants who are living outside of Ontario. The general policy has been to accept applications only from people who apply within Ontario, whether they be residents or visitors in the province. Occasionally, exceptions have been made in border communities (e.g. Ottawa-Hull) or for seniors wishing to move close to their children in Ontario. The issue is whether people who have not yet made any commitment to live in Ontario or contribute to Ontario society should be eligible for provincially funded assisted housing, especially when other provinces and countries have not accepted external applications to date. Is this fair if these applicants get accommodation before an Ontario resident? Would this attract those from outside the province? From a practical point of view, it may be difficult to do a home visit or verify certain information from outside of the province. Yet, it some cases it may be considered an act of compassion.

Possible Solutions

A. Persons who do not have the support services necessary for them to be able to live independently should be:

i) ineligible for assisted housing;
ii) ineligible, but efforts should be made to help applicant secure necessary services or alternative supportive housing;
iii) eligible; or,
iv) eligible, but efforts should be made to help applicant secure necessary services and/or to be housed in an "appropriate" environment.

B. Persons with a history of anti-social behaviour should be:

i) ineligible;
ii) eligible; or,
iii) eligible only by exception.

C. Persons applying from outside of Ontario should be:

i) ineligible;
ii) eligible; or,
iii) eligible only by exception (e.g. compassionate grounds)

D. Other solutions.

9. How should support services for residents of assisted housing be co-ordinated with the service providers?

Things to Think About

The ability to obtain funding for support services can often mean the difference between a sponsor being able to provide for residents having special needs. In the absence of the services, as noted above, it may not be possible to get an allocation for new housing units. The government has grappled with this issue and has recently announced a pilot project for the acquisition and rehabilitation of rooming houses that involves the provision of funding for both the physical unit and support services. Information from this pilot should be available by 1992.

Possible Solutions

A. Through an informal agreement between housing provider and service provider.

B. Through formal contracts between housing provider and service provider.

C. Ministry of housing and service ministries to provide direction (through guidelines) to assist housing and support service providers to form partnerships.

D. When absolutely necessary, housing should be linked to support services.

E. Have a strong linkage between planning for special needs housing and planning for special needs services through the ministry of housing and service ministry co-ordinated guidelines (funding availability is critical to maintain linkage).

F. Other solutions.

10. What changes should be made to allow access to the existing stock for client groups having special needs?

Things to Think About

Statistics Canada data show that more than 14 percent (1.26 million) of the non-institutionalized adult population in Ontario report a physical/health, developmental/cognitive or emotional/psychiatric disability, and about half of these have moderate or severe disabilities:

- A large proportion of disabled adults are senior citizens;
- Over 60 percent of disabled adults live in privately owned homes;
- Roughly 40 percent of disabled adults under age 65 and 52 percent of disabled seniors have incomes below $10,000;
- Two percent of disabled persons in an Ontario survey report to be on a subsidized housing waiting list -- Eleven percent reported that access to subsidized housing would be of benefit to them.

This information suggests that there is a significant need for "supportive community living" (affordable and accessible accommodation and/or support services) among people who have functional limitations. While many disabled persons await or are interested in social housing, there is also a substantial need for assistance in modifying homes and private rental accommodation.

The elderly population will nearly double in the next thirty years. Their changing needs may require extensive modifications to their homes if they are to remain in the community and enjoy an independent lifestyle. Public expectations in this regard will continue to focus on the importance of securing housing assistance, along with needed support services.

Possible Solutions

A. Government funding for physical modification of existing units (e.g. OHRP-D, direct expenditure for OHC, LRRP for low-income singles).

B. Government funding to allow independent living.

C. Aggressively enforce the *Ontario Human Rights Code* to deter discrimination in housing.

D. Increase proportion of units set aside for those with special needs.

E. Fully de-link support services from housing unit to support individual choice.

F. Make existing programs more flexible with client centred approach.

G. Other solutions.

11. How could a better match be achieved between applicant needs and existing accommodation?

Things to Think About

In Ontario, applications for tenancy in public and non-profit housing are administered by a multitude of agencies, giving a potential client a seemingly broad range of housing options. However, the weaknesses inherent in this type of system may actually limit an individuals access to housing, or the efficiency of service provided. The limitations of a particular housing provider, client misunderstanding of program options, or even listing duplications may impact on the equitable distribution of units.

Possible Solutions

A. Establish a housing registry/common waiting list of social housing units and applicants for each region (6) across the province.

The shared registry concept identified here involves the development of a single, consolidated waiting list for social housing, or for rent geared-to-income housing, with predefined criteria for applicant rating and selection. This would provide a single access point for potential and current applicants, to all social housing projects and agencies in a given geographic area. Registry agencies would then provide referral services to housing authorities, municipal and private non-profits and co-operatives within it's jurisdiction.

B. Assist in the establishment of locally or regionally designed housing registries/common waiting lists.

C. Other solutions.

Housing Registry options should include:

A. Market rent units in assisted housing in addition to RGI units.

B. Assistance in locating private rental accommodation.

C. Assistance in obtaining support services.

D. Other solutions.

6.
Strategies for Housing Provision Partnerships

WHAT IS IN THIS SECTION?

The provincial government is not the only participant in the housing system. The role of the private sector, the not-for-profit sector, the federal government and municipalities must be examined. The overall objective is the achievement of a genuine working partnership between the province and the not-for-profit and private sectors and among various levels of government. The role of the provincial government's four key partners is examined in this section.

ISSUES

1. Should the government provide direct financial assistance to the private sector as an incentive to create affordable rental housing? If so, on what basis?

THINGS TO THINK ABOUT

In some circumstances private sector initiatives are the most cost-effective means of providing housing to those in need. For example, in some smaller communities in Ontario, the construction of new non-profit housing is not as cost-effective a solution to housing problems as using the commercial rent supplement program to acquire and subsidize a unit in the existing private rental market. Also, it is usually more cost-effective to provide incentives to individual home owners to enable them to modify/rehabilitate their existing accommodation to suit their immediate needs and allow them to stay in their own homes (e.g. the construction of ramps, widened doorways, etc.) rather than constructing new assisted housing.

Providing funds to the private sector to address specific objectives can assist in increasing the range of solutions to the housing problems facing communities within the province.

Possible Strategies

A. Provide monies to the private sector only if it best meets government goals such as, intensification, urban renewal, access for persons with physical, developmental and/or psychiatric disabilities.

B. Provide no direct expenditures.

C. Provide monies if more cost-effective when compared to other programs.

D. Other strategies.

2. What should be the future role of the federal government in relation to assisted housing within Ontario?

Things to Think About

The federal government has been involved in the community based not-for-profit housing program since its inception in 1973. Until 1986, it was the primary funding and delivery agent for the production of co-op and non-profit housing.

In 1986, the federal government entered into a global agreement and operating agreements with the provinces for the funding and delivery of the newly established Federal/Provincial Non-Profit Program. Under the agreements, the Federal government limited its role to cost sharing the units set aside for households in "core need", i.e., those who have the severest income, suitability and adequacy problem. The province was responsible for program delivery, its share of funding of units serving households in "core need" (60 percent federal/40 percent provincial) and the unilateral funding of units made available for households not in core need.

The federal government's role in non-profit and co-op housing has been declining in recent years. Capped funding commitments combined with annual increases in production costs for rental housing have resulted in shrinking annual allocations under the F/P program. In addition to the F/P cost shared program, the federal government is involved in co-op housing through the Federal Co-operative Housing Program. As well, the federal government has land holdings which could be made available for non-profit/co-op development.

Possible Strategies

A. *Status quo* - Maintain joint program funding and responsibility for cost-shared programs, in addition to provincial unilateral initiatives.

B. Federal government should make funding or tax contributions only. Province sets program criteria to harmonize with the unilateral provincial programs, according to provincial housing objectives.

C. Lobby federal government to expand federal participation in housing; have provincial-federal activities decided jointly.

D. Other strategies.

3. What should the future role of municipalities be in relation to the delivery of assisted housing programs?

Things to Think About

Municipalities have a major influence in the success or failure of housing programs. Their role is significant from both a delivery perspective but more importantly through their role in the planning and development approvals function in setting directions for their community. Some municipalities have established non-profit housing corporations (municipal non-profits -- MNPs) to actually develop the housing funded by the province. Municipalities directly deliver programs such the Ontario Home Renewal Program (OHRP) and the Low-rise Rental Rehabilitation Program (LRRP).

The provision of municipal government land for social housing is a key component of a housing strategy in some places. In a more indirect role, municipalities have been undertaking Municipal Housing Statements and Assisted Housing Surveys to gain an understanding of the need and demand for assisted housing.

Implementation of the Provincial Policy Statement on Land Use Planning for Housing has required municipalities to plan for and create opportunities for a range of housing, of which non-profit and co-op housing is an integral part.

It is the Provincial government's position that the provision of affordable housing, including forms of assisted housing, is a shared responsibility among different sectors and all levels of government. As well, like the third sector, municipalities are well equipped to respond to the specific needs of local communities. As such, municipalities should be playing a strong role in this regard. It is important to recognise the lead role that municipalities should be playing in housing and to foster this role.

Possible Strategies

A. Municipalities should have the primary role in delivery of programs related to intensification, rehabilitation, etc., with provincial delivery only where municipality declines to deliver.

B. Municipalities should have the primary delivery role in all programs.

C. Through partnership agreements, municipalities should be able to be directly involved in community development, education, planning and delivery support for housing as agents of the province. Where municipalities do not choose to enter into such agreements, the province will deliver.

D. Municipalities should "fast-track" affordable housing development proposals.

E. Municipalities should be encouraged to establish municipal non-profit housing agencies, where there is a need and demand and where other agencies are not serving a broad clientele.

F. Other strategies.

4. What role should the not-for-profit housing providers (third sector) have in relation to affordable housing, in the future?

Things to Think About

Not-for-profit, or "third sector", housing providers have had the major role in the development of socially-assisted housing since the funding of non-profit housing was initiated by CMHC in 1973. Responsibility for administration of non-profit housing was transferred to the Province of Ontario in 1986, and since then a partnership has developed where the sector and the Ministry of Housing work together to develop new social housing.

A number of the issues identified elsewhere in this paper refer to different aspects of the partnership relationship. However, the heart of the issue is whether the sector will continue as developer of government-assisted housing, or whether its role will evolve into something more. Any devolution of control from the Ministry to the sector would have to be balanced by an increase in fiscal accountability to the public and would likely result in pressure to increase responsibility for sharing difficult decisions about how housing priorities must be balanced. Expectations may also be raised around the issue of tying policy and program independence to financial independence. In other words, the sector should be accorded more independence as its ability to be self-financing grows. Should government work with the third sector to help it attain more self-sufficiency?

Possible Strategies

A. The third sector's main role should be that of deliverer and manager of socially-assisted housing.

B. The third sector should, in addition to the above, be a joint developer of policies and programs.

C. The third sector should act as an agent of the province in fulfilling agreed-to housing objectives.

D. The third sector should be as independent and autonomous as possible with boards accountable to the public through the Ontario government's statutory framework.

E. Other strategies.

7.
Strategies for Sector and Community Development

WHAT IS IN THIS SECTION?

The three sectors in housing are usually distinguished as the private sector, the public sector, and the third or voluntary sector. The third sector is made up primarily of non-profit and community-based organizations undertaking housing-related initiatives.

Sector support and community development have traditionally been linked to housing supply programs through which the "third sector" has become identified with the provision of non-profit housing. Specifically, the third sector consists of municipal non-profit housing corporations, co-ops and private/charitable non-profit housing corporations. The Ministry's Sector Support Program (now revised and called the Partners in Housing Program) was introduced to provide community support and to help speed the development process for projects in the Homes Now Program.

The distinguishing characteristic of organizations comprising the "third sector" in housing is not the nature of the groups' activity or focus (which is a diverse range of design, building, management, advocacy, networking, public education, planning and development, law reform, human rights, tenant organizing, and so on), but rather their underlying operating style and philosophy.

The community based groups and the umbrella organizations that support them are becoming increasingly sophisticated and have the expertise to support the Ministry of Housing in its challenge to address the housing needs of the people of Ontario. As the groups become more experienced, there has been a recognition that not all Ontarians have had the opportunity to participate. For example, a major challenge in sector and community development is giving the "voiceless" a voice in the development of housing policy and programs.

Organizing the "voiceless" for participation in solutions and giving consumers a voice rather than speaking for them is a fundamental approach that is being adopted by a growing number of groups. This style of operation complements the experience of housing providers which have found that the homeless and tenants themselves are the greatest resource in solving their own housing problems.

Many housing programs now emphasize partnership with the communities being served. More democratic management models for non-profit housing have been developed. However, there has been no over-all "enabling strategy" within the Ministry of Housing to ensure that disadvantaged and marginalized groups have the necessary resources to participate meaningfully in all aspects of housing. This is an area of particular concern to the Ministry, and consequently, in disbursing funds under the new "Partners in Housing" program, they will be given an opportunity to be supported. There has been no systematic review of the obstacles to the full participation of these groups, the resources they need, or the development of an appropriate expenditure framework of support for community based groups. Many of the issues arising out of a discussion of this nature have been identified and addressed in the section dealing with Strategies for Sector and Community Development.

ISSUES

1. Should there be special mechanisms to ensure access/distribution of assisted housing to high need groups/areas?

Things to Think About

A recurrent theme in examining the goals and objectives of housing policy is that of reducing social and economic disadvantage or inequality. All housing programs, to the extent that they aim to fulfil the overall objective of achieving adequate housing for all, must seek to increase housing opportunities for the disadvantaged.

Such disadvantage may be the result of historical displacement and injustice, such as that experienced by aboriginal peoples. It may be the result of violence and abuse against women, youth, children and seniors. It may be the result of inequity and discrimination in other spheres, such as employment, leaving particular groups such as women and visible minorities with lower incomes. Or it may be the result of inequities and discrimination in housing itself, where particular groups tend to be excluded from the most affordable and appropriate housing.

Those with physical or intellectual disabilities may also be disadvantaged or it may be experienced by those who are young, elderly or caring for dependent children. Refugees and immigrants may be without the contacts and resources available to others, and often confront an unfamiliar language and culture.

Social reactions to disadvantaged groups tend to increase disadvantage rather than work toward equality. Historically disadvantaged and oppressed groups are those which experience the violence and injustice of

discrimination. Visible and ethnic minorities confront widespread racism and prejudice. Women with children are considered "undesirable tenants" by many landlords and women face widespread sexual harassment. People with physical and intellectual disabilities confront the intolerance of communities. Poor people are considered undesirable neighbours and there are fears that "too many" poor people will create "ghettos".

All housing programs should include strategies for dealing with both pre-existing social and economic injustice and for combatting tendencies within the programs themselves to exclude disadvantaged groups or to fail to accommodate their needs. Ending disadvantage and injustice cannot be something that is done solely "on behalf" of marginalized an excluded groups. These groups must be encouraged to express their concerns and take a role in identifying and developing housing appropriate to their needs.

Homelessness has become a way of life for increasing numbers of people including those with special needs who are unfamiliar with how to gain access to the service and housing "system". Due to the nature of hostels and transitional housing, homeless men, women and families do not stay in any one spot for very long. With no permanent address and telephone number, the homeless are often difficult or impossible to reach when a non-profit housing provider has a vacancy in a housing project. Many providers are reluctant to hold a vacancy open for the necessary time until the applicant can be reached or found.

A large percentage of users of hostels and shelters are people who have received psychiatric treatment. The policy of de-institutionalization and community based treatment, when combined with a shortage of supportive, affordable housing, often results in people with psychiatric disabilities being caught in the cycle of poverty and homelessness -- left to cope with transitional or substandard housing, or no housing at all.

Battered women and women with children are forced to use temporary shelter due to a lack of affordable housing. New immigrants, many of whom are fortunate to have community support, still must face cultural/language barriers when applying for assisted housing. When assisted housing providers accept people with "special needs", additional support services must be made available at the same time (i.e. likely from the Ministries of Health and Community Social Services) and, where appropriate, funding for the management of these services.

Possible Strategies

A. Continue to use the current "fair share" allocation model as the sole mechanism to direct allocations to high need areas and depend on community-generated groups to come forward with proposals.

B. Identify high need areas and groups and if no community groups come forward with proposals, OHC to build in a certain area.

C. Identify high need areas and groups and if no community groups come forward with proposals, institute active community development

initiatives (led by sector or Ministry) directed at high need areas or groups.

D. Other solutions.

2. Should opportunities for choice in assisted housing be expanded in some communities? If so, how?

Things to Think About

The development of a number of different types of assisted housing to provide choice to families and individuals in the type of living arrangements that they prefer is desirable. It ensures a variety of assisted housing types will be available across the province and is consistent with current policies/agreements with CMHC.

In smaller communities, however, there may not always be a sufficient demand to support all forms of assisted housing. Decisions about the number and types of units created will be impacted by the total number of units needed. It may also force the selection of some less desirable projects from the point of view of location or financial viability in order to attain proportion.

Possible Strategies

A. Guarantee a basic proportional distribution of units between the various assisted housing providers (e.g. co-op, municipal non-profit and private non-profit) on a province-wide basis, but not on a regional basis.

B. Guarantee a basic proportional distributional of units between the various assisted housing providers (e.g. co-op, municipal non-profit and private non-profit) on a province-wide basis and on a regional basis.

C. Encourage the full range of assisted housing options but provide no guarantee of allocations to any one part of the not-for-profit sector.

D. Other solutions.

3. How can a strong co-op and non-profit housing sector infrastructure be ensured in the short and long-term?

Things to Think About

It has been demonstrated that the quality of life as well as economic efficiency increases in non-profit projects where the residents are given a democratic voice in the ownership and management of their housing.

A healthy and strong democratic function is necessary in both the development and operation of the non-profit sector. An effective sector infrastructure is necessary to support this. This infrastructure is not possible without sector support funding.

Sector support funding, however, should be based on a clear set of agreed upon goals and objectives that avoid unnecessary duplication in the types of activities that are supported. The government can and should set objectives and standards for the non-profit sector to meet. How much independence the government should give to the non-profit sector in meeting these objectives and standards has become a critical question for both government and the non-profit sector.

The non-profit sector could likely be more efficient in the development of new projects if it had a financial base for capital expenditures such as the acquisition of land. This would put it in a better position to negotiate purchases from a position of strength, to be able to make the profit from the development of land instead of a private developer, and to accelerate the development process by minimizing the turnaround time. Ideas such as revolving land purchase funds, non-profit land trusts, a non-profit development fund, non-profit development corporations, and risk underwriting funds should be considered.

Possible Strategies

A. Guaranteed core funding for CHAO, ONPHA and other select sector groups at negotiated amounts to allow for research, policy and program development, and education services.

B. Provide a fund to extend start up financing for new groups without allocations and for community development or access groups.

C. Retain the current sector support arrangement based on development fees or management fees for co-op and non-profit respectively with a special "pot" of money for *ad hoc* projects.

D. Provide no additional funding for sector support; rely on more predictable supply to support co-op and non-profit infrastructure using existing funding mechanisms.

E. Create a development fund or trust to be a source of capital to provide financing for additional production and management of non-profit housing.

F. Other Solutions.

4. How can the Ministry of Housing provide resources for the "third sector" in a manner which most effectively addresses the issues of disadvantage in housing?

Things to Think About

Community development has traditionally been built into housing supply programs, particularly in the co-op and private non-profit sectors. In 1988, the Sector Support Program was initiated to provide funding for community development and sector support of the Homes Now program.

A number of organizations representing marginalized groups received funding, as did organizations addressing access, distribution and supply issues more broadly defined. A number of these organizations require ongoing funding.

Some community-based groups have argued that an independent, "arm's length" source of funding is required to allow them a distinct voice. The desire is to be free to take direction from the community they represent rather than from the Ministry or from housing providers, to develop innovative solutions to their own housing needs and to address issues affecting them in all sectors, including the private sector.

The need to fund groups to give them an independent voice must be balanced with the need to have groups work with government and each other to arrive at common solutions and funding may have to be set aside to encourage an ongoing dialogue. Some of the groups may be more appropriately funded by Ministries other than Housing since the group is attempting to assist clients with a wide range of needs not just housing. There have been some questions about how to reconcile direct accountability to the community with accountability to the Ministry as the funding agent.

Possible Strategies

A. Build enabling strategies for community development in to each housing program, rather than creating an overall funding program for community development.

B. Continue with current sector support-model program.

C. Create a new program with an arm's-length relationship to the Ministry. The program would be designed to provide ongoing funding

to some community-based housing-related organizations, project funding for particular projects and start-up funding for new initiatives suggested by community-based organizations.

D. Other solutions.

5. What type of development standards and procedures should be implemented to make the most efficient use of development consultants and resource groups?

Things to Think About

Most of the sponsoring groups are made up of volunteers from the community who may have never participated in the development of housing and may never again after their project is built.

The community-based non-profit sponsoring groups often use development consultants to assist them in working through the housing development process to get the units constructed. Within the co-op sector, resource groups are employed for the same purpose.

Development consultants or resource groups provide the primary ongoing development expertise in the non-profit or co-op development system. Their performance is critical to the success of many projects.

Performance standards should be distinguished from housing program requirements. Performance standards deal with the quality and comprehensiveness of a development consultant or resource group in delivering their services, part of which would be the meeting of program requirements. There are, however, many services provided by development consultants beyond program requirements. Co-operative resource groups for example provide a whole range of services to ensure adequate member education and the functioning of a democratic process within a housing co-operative after it is formed. The success of housing programs depends a great deal on how well these services are provided.

The fee-for-service approach to funding resource groups and development consultants can create the potential for projects and sponsoring groups which are not necessarily fully mature (in terms of their community-based development or the project's readiness) to be pushed ahead for financial reasons.

POSSIBLE STRATEGIES

Standard Setting for Development Consultants or Resource Groups:

A. Ministry of Housing establishes specific performance standards which development consultants or resource group would be required to meet. The Ministry would enforce these standards.

B. All resource groups and development consultants would have to meet strict licensing standards to gain accreditation. Accreditation would be a requirement for offering services. A list of approved consultants would be maintained by the Ministry.

C. The government could encourage the various sectors (municipal, private (charitable), and co-operative) within the non-profit sector to develop performance standards through, e.g., ONPHA, CHAO, the Association of Development Consultants of Ontario (ADCO), or others, which could enforce these standards through their sector organizations.

D. The government could rely on the ability of the non-profit sector sponsor groups to evaluate the performance of their development consultants or resource groups.

E. Require that not-for-profit development consultants or resource groups be used where possible.

F. Other Solutions.

Fee Setting for Development Consultants or Resource Groups:

A. The Ministry of Housing could impose a fee schedule directly on consultants or resource groups sponsoring non-profits/co-ops which it would review regularly.

B. The Ministry of Housing could negotiate a fee schedule with the sector organizations, CHAO and ONPHA. This fee schedule would be reviewed regularly. Payments would be made as various stages of the work is completed.

C. Individual non-profit sponsor groups could negotiate the fees paid to their development consultants or resource groups. The market place would dictate the fee.

D. Fee schedule should reflect actual work performed as opposed to a fixed percentage of capital costs (e.g. consultants that did not provide for board member development would receive less, regardless of capital costs of the project).

E. Resource groups/consultants should be funded so as to avoid fee-for-service arrangements (e.g. on a contract/salary basis).

F. Other Solutions.

6. Should sponsors be funded to allow future residents to have a role in the development phase of a project?

Things to Think About

Tenants/members who live in non-profit housing are in an excellent position to provide direct input to design features of housing. As a proxy group, they know what works well in buildings and what does not. However, resident participation/consultation issues are relatively new to some groups.

There is heightened interest in developing models for tenant control/participation in an effort to improve the management of projects and enhance quality of life for their residents. Non-profit housing that is developed and managed with ongoing tenant input attempts to balance the concerns of both the community and the residents.

Member participation is an intrinsic part of the co-op model of development and management; a great depth and breadth of experience exists in this sector which could be shared with others.

Resident (or future resident) participation and consultation can but does not necessarily address the organizational and structural impediments preventing greater resident control. In addition, problems with community acceptance may or may not be reduced with resident input, depending on the nature and source of the resistance. However, non-profit housing that is developed with ongoing resident input presumes that decisions made are acceptable to both the community and to the resident members.

Identifying and securing an appropriate proxy group for future residents can be troublesome and time-consuming.

Possible Strategies

A. Ministry of Housing work with sector organizations to provide information and support to interested tenants and non-profit housing producers.

B. Each non-profit housing provider would ensure that both future and current residents are consulted at the various stages of a housing project's development. The Ministry of Housing would ensure that the non-profit housing provider's organizational/management plan would reflect this ongoing consultative process.

C. Financial resources be made available to third sector housing groups to allow for facilitative management, training and education around tenant participation.

D. Other solutions.

7. What level of resident control is appropriate in social housing?

Things to Think About

The participation of the members of a co-operative in the ongoing management of the co-operative is a fundamental component of the co-operative model.

Participation by the residents of private and municipal non-profit housing projects varies throughout the sector; some groups have experimented with various types of resident participation in management. In the case of Cityhome, opportunities have been made available for existing projects to convert to a co-operative form of tenure.

There are currently no requirements within the existing non-profit housing programs on the degree of resident participation, but an organizational structure which encourages resident decision-making can assist residents to empower themselves. Non-profit housing that is developed and managed with ongoing resident input ensures that decisions made are acceptable to both the community and to the resident members. Resident Board members would ensure consumer input into targeting, tenant selection, maintenance, etc. Additional funds may be required in order to provide the necessary supports to facilitate residents' active participation, though this policy may not be desired by all residents. Another factor to consider in making this optional or mandatory is that non-profit corporations could be forced into a breach of contract with the Ministry of Housing if residents refused to participate.

Acceptable resident participation models and ranges would have to be determined; the balance of control appropriate from the perspective of both the residents and the project management is difficult to achieve.

Possible Strategies

A. Direct-control "owners"/resident board be required for non-profit projects (perhaps over time as the project is filled).

B. Each non-profit housing provider would be required to establish a minimum percentage of resident members as part of the board of directors and management structure.

C. Shared-control resident "managers" with regular board of directors.

D. Require opportunities for input into/comment on decisions, "town hall" meetings in projects. Types of decisions requiring input would be specified.

E. Other solutions.

8.
Strategies for the Supply, Retention, and Financing of Land

WHAT IS IN THIS SECTION?

It is important to deliver not-for-profit housing as efficiently as possible, while meeting other objectives at the same time. A key component in the delivery of not-for-profit housing is the acquisition of suitable sites. This is substantially impacted by the cost of land. However, the cost of land has increased faster than any other housing component over the last 20 years. As a result of there being a ceiling on the overall cost of a project, as land prices rose, compromises had to be made in other areas. Often not-for-profit housing groups have had to resort to the purchase of less desirable sites or building at densities greater than the ideal for the particular client group being served.

Because most not-for-profit groups do not have funds in advance of receiving an allocation from the Ministry of Housing, they have been unable to compete when the land market is overheated. As a result not-for-profit groups have not been able to bargain for the best price possible. Further, this chronic under-capitalization has not allowed them to secure lands sufficiently in advance of program deadlines to deal with the long municipal approval process. This undermines sound long-term planning.

It is important that land which is developed on a not-for-profit basis remain in the not-for-profit sector. There is some concern that over the long-term certain not-for-profit groups may wish to change the non-profit nature of the ownership of their housing. Furthermore, the equity built up in not-for-profit housing over time could be used to develop additional housing which may be needed in the future.

ISSUES

1. What is the basis for approving site selection, acquisition and procurement?

Things to Think About

Under current programs, non-profits/co-ops identify sites which are then reviewed and approved/rejected by the Ministry of Housing. Site selection is supposed to be based on the "best-buy" principle which involves an analysis/evaluation of a number of potential sites.

Once a "best-buy" analysis has been completed, the Ministry of Housing reviews the site based on the following criteria, then approves or rejects the site:

- Planning approvals process/timing;
- Fair rent value (appraisal);
- Technical consideration;
- Location analysis based on client groups and community services;
- Infrastructure and servicing for roads, water, sewage, etc;
- Financial viability based on MUP structure.

There may be other methods to evaluate a site other than "best-buy" analysis. The question arises whether the use of "best-buy" analysis is too inflexible an approach to allow for the broad variation of sites which is available in the marketplace and in different regions.

Possible Strategies

A. Adopt a "value-for-money" based evaluation for land which allows for site selection on the basis of other criteria besides "best-buy". Examples of this might be where there is only one appropriate site available in a certain area or where a site is being considered which is adjacent to an already existing site.

B. Develop more elaborate criteria which would be used in evaluating the approval of a site. Such an approach may give more clear guidance to not-for-profit groups in selecting a site, but might also create difficulty in responding flexibly to various market conditions.

C. Allow desired location to be the main criteria as long as overall price is still within MUP.

D. Other solutions.

2. What Measures could be put into place to reduce the program cost of land for assisted housing?

Things to Think About

Because the cost of land is a significant portion of the cost of developing a not-for-profit housing project, effort should be made to reduce these costs. Land costs range from approximately 15-60% of the total cost of a project depending on location. In certain high need areas, land is a very large component of the total and may account for over 50 per cent of the cost.

Possible Strategies

A. Create a land banking facility for housing programs . This would provide sufficient capital for producers to compete in the marketplace. It is difficult to negotiate a low price when a purchaser has no cash for a deposit or does not have the ability to close on a purchase in a reasonable period of time.

B. Not-for-profit housing providers could be encouraged to seek philanthropic or charitable donations in order to secure land.

C. Government itself could make available land that it presently owns for use by not-for-profit housing providers in appropriate cases.

D. Developers could be asked to donate land for affordable housing in lieu of selected *Planning Act* requirements.

E. Land costs could be separated out from the rest of the project cost in order to allow housing providers to acquire sites and begin the planning process. This land related allocation could be tied to a bulk or block allocation.

F. The Ministry may wish to give preference to sites which allow for intensification of the use of the site to reduce land costs. Such sites may already be owned by not-for-profit housing groups.

G. Other solutions.

3. Should the government support the use of land trusts as a vehicle for achieving its housing goals?

Things to Think About

A community-based land trust is an organization that owns land in trust. Sites are leased to housing providers such as co-operative or non-profit housing sponsors. The land trust may have purchased the land or the land may have been conveyed to it by the non-profit sponsor. In some cases, ownership of the building(s) may also rest with the land trust.

In addition to holding land, a land trust may also carry out land development activities. It may, for example, purchase and develop a large site and then lease the land to a number of housing projects. Revenue from the land development activity could be used for future non-profit housing development.

The use of land trusts has been promoted by the non-profit sector as a vehicle to help it deal with problems in the current system. The following benefits have been identified by the sector:

- Land trusts could help ensure that the housing remains non-profit in perpetuity thereby ensuring that the public investment continues to produce public benefits rather than resulting in personal gain for a few individuals. Currently, government has no control over how non-profit housing is used following expiry of project operating agreements (typically, 35 years);
- Land trusts could provide a vehicle for housing producers, particularly the non-profit sector to increase its capital resources as a whole by setting aside land that has to be acquired any way, so that it can function more efficiently and with less dependence on government assistance in the development of non-profit housing;
- Land trusts could allow the non-profit sector to carry out more sophisticated land development activity and so allow for more cost-effective development and might allow projects to be developed which would not otherwise have been possible;
- Because land trusts operate on a non-profit basis, all financial resources generated are used for the further development and support of non-profit housing.

Although leasing from land trusts has been permitted under previous non-profit housing programs a number of concerns have been identified by the Ministry of Housing:

- The approval of leasehold arrangements is very labour intensive;

- There is a view that perhaps control and increases in the value of the project should accrue to the province on behalf of all persons in Ontario rather than to the non-profit sector.

There is an increased risk associated with devolving responsibility to the not-for-profit sector:

- The government may consider freehold security to be preferable to leasehold security.
- Land trusts may attempt to undertake development that is unacceptably risky or requires a greater expertise than is available in the land trust.

Under current appraisal practice, leases are discounted from the market value. Land trusts would not be financially viable with this discount so the Ministry would have to make an exception for non-profit land trusts. Other landowners might be critical of this exception.

Possible Strategies

A. Permit the building of housing on sites leased from land trusts on the same basis as leasing from private sector owners. Other mechanisms could be explored to guarantee the continued non-profit operation of the housing and to capitalize the sector.

B. The government could implement a provincial land trust. Property would be held by the province and leased to non-profit sponsors. This would help to ensure that projects remain non-profit in perpetuity. It might also be possible for a provincial land trust to facilitate the development of financially marginal projects.

C. The government could actively support the use of community-based land trusts as a vehicle for achieving its housing goals. This would include the creation of legislation to provide for statutory community land trusts. Such trusts could have community-based boards or would have boards drawn from residents, the community, and appointed by government.

D. Other solutions.

9.
Strategies for Program Delivery and Administration

WHAT IS IN THIS SECTION?

The government, non-profit housing providers and any other party involved in the development of housing wish to deliver and administer housing programs in a cost effective manner. This section of the paper provides an opportunity to review current practices and explore new ideas in program delivery and administration, improving capacity to meet other government priorities, identifying potential revenue generation mechanisms, information access, streamlining program administration and delivery of non-profit housing projects, and ensuring the best delivery program geared to rehabilitation of existing stock are the major issues contained in this section.

The Provincial government and its program partners are moving towards establishing principles which can serve as a basis for ongoing consultation and negotiation in order to achieve common objectives and to resolve mutual concerns with respect to the delivery and ongoing administration of housing programs. These objectives, among others, serve as a basis for establishing an operating relationships between non-profit housing providers, municipalities and the Government of Ontario.

1. Good management of housing programs: housing programs and the housing they create should be well maintained and operate in a cost efficient manner. Good management of non-profit housing recognizes that there are a range of tenure and housing types, a need for community acceptance and ensuring continued marketability.

2. Streamlined Administrative Procedures: The objective is to emphasize local control and decentralize administrative procedures. Reporting requirements should ensure sufficient monitoring by the Minister and responsibility for control to program deliverers. Appropriate reporting requirements should be developed. Administrative procedures and guidelines should respect the autonomy of housing providers and at the same time ensure that housing providers are acting in accordance with housing program goals.

1. Should funding be provided to allow for the provision of more provincially-owned housing? If so, under what conditions?

Things to Think About

In the early 1970s, public pressure was directed at the government to stop public housing construction through the Ontario Housing Corporation. Since then, socially assisted housing has been developed exclusively through the non-profit and co-op housing program. Ontario Housing was built to a high community standard when it was built but the standards and designs and what is considered socially acceptable have all changed since then. The Corporation is now under severe stress as a result of social change and is therefore examining how the quality of life in public housing could be improved. Part of improving the quality of life is to rebuild on existing sites and improve the overall quality of the stock.

Possible Strategies

A. Funding should not be provided to allow for the provision of more provincially-owned housing. All new housing should be created through the non-profits and co-op program.

B. New provincial housing should be built when the community has identified the need for affordable housing but there is not sufficient interest to sponsor either non-profit or co-operative housing

C. Local Housing Authorities would be given allocations in order to take advantage of opportunities for the creation of new units through intensification or regeneration of current public housing sites.

D. Other solutions.

2. How can new assisted housing better meet other government priorities such as environmental concerns, energy efficiency, barrier free access, employment equity, noise mitigation, etc.?

Things to Think About

Barrier Free Access

Barrier free access ensures equal access for all tenants. When considering future expansion of accessible units in a non-profit building, it makes sense

to ensure that the entire building is barrier free initially. Building costs though would be increased in order to provide a barrier free access to the entire building area.

Possible Strategies

A. Continue the current policy of creating a minimum percentage of accessible units allowed in a project, and allow for more as determined by the community.

B. Ensure that all areas of a project are barrier free for all current and potential tenants.

C. Include in the technical guidelines a requirement for access by deaf and blind persons.

D. For those sponsors that will be designing and building barrier free projects, allow flexibility in the MUP to cover the additional costs.

E. Other solutions.

Progressive Environmental Initiatives

A. Ensure that all Ministry of Housing projects are "state of the art" with respect to energy conservation.

B. Provide centralized heating and cooling systems for non-profit housing that are environmentally supportable.

C. Ensure that municipal services for the community, including street lighting are as energy efficient as possible.

D. Ensure that all new non-profit housing projects incorporate fixtures and appliances that minimize the amount of water consumed. Where possible, existing non-profit housing projects would up-grade fixtures and appliances in order to minimize consumed water.

E. In order to maximize use of energy by minimizing heat loss, all existing building would be retro-fit with energy saving devices.

F. Other solutions.

Developing a Municipal/Project "3R" (Reduce, Reuse and Recycle) Program:

A. Require the use of recycled products in new construction.

B. All non-profit housing projects would be encouraged to develop a project-sponsored composting program.

C. Require all non-profit housing projects to comply with municipal wide waste reduction and material recovery programs.

D. Other solutions.

3. What revenue generation measures could be pursued for OHC, non-profit and co-op housing?

Things to Think About

It is the interest of government and non-profit housing providers to ensure that housing is as cost effective as possible. A number of potential revenue generation options are outlined below. Do the gains outweigh any potential affordability problems created for both market and RGI households? If market rents are high it could produce more revenue, but then this creates other problems of marketability. Revenue could be lost through vacancies, and there could be high turnover. If tenants pay for utilities, this could create affordability problems also.

Possible Strategies

A. Ensure that current market rents truly reflect the market.

B. Increase market rents in non-profit and co-op housing where possible.

C. All tenants pay the full cost for all services and utilities to increase conservation.

D. Rents would be adjusted throughout the year in proportion to tenant income changes.

E. Non-profit groups would pay "rent" for any amenity space.

F. Where possible, co-op and non-profit group would be encouraged to have a retail and commercial component to the project on the basis that leased space could help cover the project costs.

G. Where possible, co-op and non-profit groups would be encouraged to re-develop land.

H. Other solutions.

4. How can program delivery and administration of assisted housing be organized in order to streamline the process?

Things to Think About

One of the chief complaints of both housing providers and government is the multitude of forms and procedures intrinsic to program delivery and administration. Many organizations are concerned with the duplication of procedures especially when developing housing projects. Experience must be

taken into consideration when addressing the issue of streamlining program delivery and administration processes. Government, accountable to the people of Ontario and CMHC, must also take into consideration what system best meets its needs.

Possible Strategies

A. A list of criteria be developed that allows for flexible reporting requirements for housing providers to reflect the different levels of experience.

B. Give the sector groups and LHAs more autonomy by delegating responsibility and accountability and by providing sufficient resources to fully manage the housing stock.

C. Standardize all Ministry of Housing programs for reporting purposes.

D. Other solutions.

5. How can clients be provided with information on the full range of options available in social housing?

Things to Think About

Those individual and families looking for housing do not have a single source of information about units available for occupation. The current LHA referral system does little to inform the client about the broad range of options and little if no consideration is given to the preference of the applicant when referring the individual to the non-profit group. From a consumer's point of view, the current LHA referral system discourages people from applying for non-profit housing.

Possible Strategies

A. Establish a community based central registry system which serves the needs of both applicants and housing providers. Such a system would allow for ongoing input from both consumer of the system and housing providers. Users of the registry would be given information about available housing units by both program and location.

B. Provide the necessary resources to assist groups to develop information bases that allow individuals to determine what assisted housing is available in their communities.

C. Other solutions.

6. What is the best way to deliver programs aimed at the rehabilitation and intensification of existing housing stock?

Things to Think About

Current Ministry of Housing programs and initiatives are delivered through many different organizations. Depending on the complexity of these programs, their geographic distribution or policy reason, delivery responsibility could range from staff in the head offices of the Ministry to the local or regional Ministry staff, or staff in the Local Housing Authorities. Some programs are delivered through municipalities or agencies in the community. Considerations to keep in mind when reviewing the possible solutions are:

1. Housing providers want flexibility for programs.
2. A flexible, but coordinated response to local housing conditions is preferable for the people in that area.
3. Interest of municipalities or other groups in delivering certain programs is likely to vary and is dependent on many factors.

Possible Strategies

A. Deliver rehabilitation and intensification programs exclusively through the provincial government to ensure province-wide goals are met.

B. Municipal offices provide "one-stop window" access for all intensification/rehabilitation programs. Existing programs or any new programs would be combined with proposed housing initiatives into a single funding package. (i.e, the Low-Rise Rehabilitation Program, The Ontario Home Renewal Program). Municipal delivery agents would have the ability to select the "mix" of programs related to the existing housing stock most suited to their needs and geographic location.

C. Have municipal delivery with provincial administration if the municipality chooses not to administer a particular program or any other programs.

D. Status quo. Vary the delivery mechanism from program to program. Programs, both current and proposed, designed for the existing stock, would continue to be delivered as independent initiatives with separate resource schedules and objectives.

E. Provide Local Housing Authorities with increased powers: LHAs could be encouraged to become more independent and to form local partnerships or even merge with other providers. Given their experience they be resources and advisors. Increased powers would be introduced incrementally.

F. Establish broader areas of responsibility for leading non-profit associations in the delivery of housing programs for rehabilitation and intensification.

G. One-Window For All Program Access: Regionally centred offices would provide a full range of services, combining the functions of LHAs, Rent Review Offices and Regional Housing Programs Offices. This approach would provide a one-stop point of access for tenants and clients for all matters relating to provincial housing matters.

H. Other solutions.

In conclusion . . .

The issues raised in this paper are many; some are technically quite difficult. Your views on any or all of these issues are most welcome. The responses received by the Ministry will form the next step in our effort to make better connections among complex, inter-related issues of housing. The time and effort put in by participants in the consultation process are appreciated.

A HOUSING FRAMEWORK FOR ONTARIO

BACKGROUND INFORMATION

1.
Selected Information on the Need and Demand for the Supply of New Housing

1. INTRODUCTION

The historic practice in Ontario has been to build new social housing at levels below "demand" as represented by waiting lists and certainly well below the need for social housing, without identifying over-riding rental housing requirements. This has been because the total rental housing requirements have in the past been large and have far outstripping any program for new social housing construction.

There are indications that the need for social housing will remain strong. The production of privately-initiated rental housing, most notably condominium rental units, is likely to decline significantly. Moreover, recent changes in the eligibility of refugee claimants will increase demand for social housing.

However, there are reasons to ensure that new supply is well-directed within Ontario. Projected demographic changes are expected to significantly lower rental housing requirements in the near future. Social assistance reforms have already reduced affordability problems for many. Therefore, while the overall need for social housing is still strong, production in some areas and for some groups, if not well planned, could exceed rental housing requirements. At the same time, certain areas (notably Metro Toronto) and certain groups (notably low-income singles) will continue to be underserved.

Concerns over the location (both the region and neighbourhood) of new social housing and the degree of income and social mix will therefore assume greater importance in the future. Also important will be initiatives to improve the quality of existing housing and access to new and existing housing by persons who seek it.

The following material, which concentrates on the rental sector, deals with the major housing problems: supply, affordability, adequacy and suitability.

2. THE SIZE OF THE HOUSING "PROBLEM" IN ONTARIO

SUPPLY PROBLEMS

The housing supply problem at present is basically a rental supply problem. The shortfall in ownership housing production over the past two years is seen as a temporary condition linked to the economic downturn. There are major concerns, however, relating to the adequate supply of serviced land in the Greater Toronto Area.

While the overall supply of new housing in Ontario over the most recent six years (1986-91) is in balance, there was a shortage of rental units and excess of ownership units.

Rental requirements are the amount of additional rental housing required to keep pace with household growth, replace rental units that are demolished, and achieve a 3% vacancy rate. Housing requirements are usually projected for both ownership and rental housing.

As indicated on the following table [Table 2.1], Ontario's rental requirements are projected to decline from 28,000 units each year in the 1986-91 period to 17,000 each year in the 1991-96 period, and then to 14,000 each year in the 1996-2001 period. There is, however, a considerable range in the estimates that could affect the projected need for new supply of rental housing.

Table 2.1

Ontario Rental Requirements 1986-2001
(Based on Constant 1986 Headship Rates)

	High	Medium	Low
Average/Annum			
1986-1991	31,500	28,000	25,000
1991-1996	20,500	17,000	15,000
1996-2001	16,500	14,000	11,500

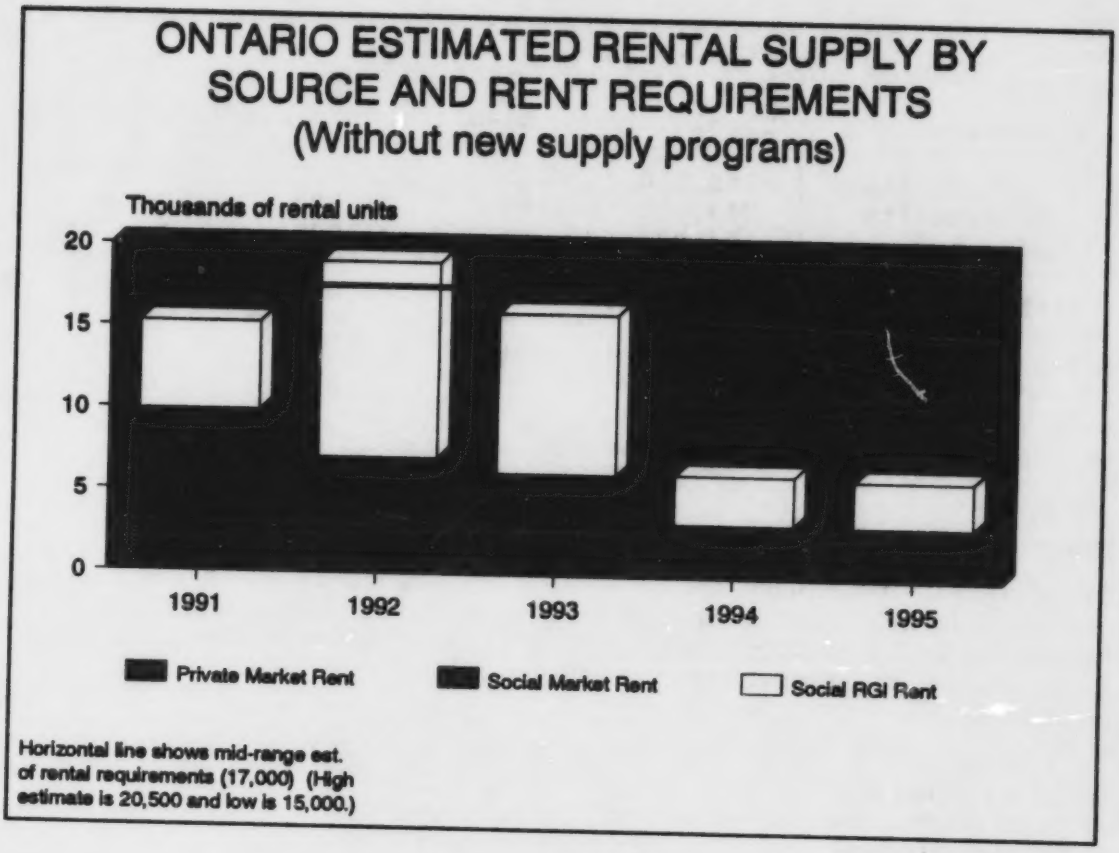
Source: Ministry of Housing projections based on Treasury population projections.

While rental supply in the 1991 to 1993 period is expected to match requirements (Figure 2.1), this is primarily because a large wave of mixed social housing stock is reaching the construction stage and there is a temporary supply of condominiums pending sale to ownership market.

With private rental production reaching new lows because the cost of building (especially in relation to land costs) exceeds the market rents obtainable, there will be a major shortfall in meeting rental requirements after 1993 without new sources of rental supply.

After 1991 virtually all anticipated new rental housing will be social housing (non-profit or co-operative), which includes a mix of market rent and rent-geared-to-income (RGI) units.

FIGURE 2.1



Further research is in progress to develop rental requirement estimates which are more sensitive to economic factors.

Affordability Housing Problems

In Ontario in 1988 there were over 500,000 renter households (Table 2.2) with one of the following three housing problems - affordability, suitability (crowding) or adequacy - but only about half (52%) of these households were found to be in "core need" because they also had low income. Core need is discussed on page 5.

Of those three problems, affordability problems are most likely to mean a family or individual needs housing help. In Ontario in 1988, there were some 265,000 renter households which had an affordability problem (spent over 30%

of their income on shelter) and 82% of these (218,000 renter households) were actually in core need (also had low incomes).

TABLE 2.2

HOUSING PROBLEMS OF ONTARIO RENTERS - 1988

Problem	Total with Problem		In Core Need(low income)	
Affordability	265,000	23%	218,000	-> 82%
Suitability	213,000	18%	76,000	-> 36%
Adequacy	104,000	9%	31,000	-> 30%
With Problem(s)	515,000	44%	268,000	-> 52%
Total Renters	1,171,000	100%		

Source: 1988 HIFE/Shelter Cost surveys by Statistics Canada

Note: percentages cannot be added because some households have two or three problems.

Housing Quality Problems

Crowding and inadequacy are serious housing problems which need to be addressed to help ensure the well-being of all households, particularly low-income families. It is likely that a significant number of low-income households have avoided an affordability problem by living in crowded or inadequate circumstances.

Suitability (overcrowding) was a housing problem indicator for 213,000 renter households (Table 2.1), but only 36% were found to be in core need (low income). Where crowding was the **only** problem indicated, only 24% were found to be in core need.

Adequacy was a problem for 104,000 Ontario renter households, but only 30% were found to be in core need. Where adequacy was the **only** problem indicated, just 11% were in core need.

Where a quality problem was indicated but the renter household was not found in core need, the renter could afford (with 30% of their income) to pay the average market rent for an adequate, suitable apartment.

If low-income renters and owners are combined, 115,000 Ontario households can be said to have housing quality problems (adequacy and suitability).

Other Housing Need Groups

In addition to measurable core housing need, there are the **homeless** who live in temporary and makeshift arrangements. There are also persons with disabilities and **special needs** who may require modified or specially designed

housing or continuous special services in order to live outside institutions. The housing needs of Native persons on reserves and in some rural areas are not well measured. In addition, the housing needs of persons who are roomers, boarders and lodgers are not included in traditional core need data (since they are not generally defined as households). If it were possible to include these groups in core need data, total need would be well over 400,000 "households" in Ontario. The 1991 Census will provide better information about number of homeless persons and roomers, boarders and lodgers.

3. CORE HOUSING NEED

Both need and demand provide a guide for the amount of additional housing assistance and social housing required.

"Core need" is CMHC's technical formulation of need and includes those households that are unable to afford adequate and suitable accommodation within 30 per cent of income.

Current Core Need

If renter and owners and are combined, Ontario had a total of 382,000 households in core housing need (this number would be higher if other groups were included - see above). Table 3.1 shows that renters were four times more likely than home owners to be in core housing need.

Low-income home owners may need housing assistance if they cannot maintain their homes, but relatively few home owners in Ontario will apply for subsidized housing while living in an owned home.

TABLE 3.1

ONTARIO HOUSEHOLDS IN CORE NEED, 1988 HIFE STUDY			
	RENTERS	OWNERS	TOTAL
IN CORE NEED	268,000	114,000	382,000
PERCENT IN NEED*	22.9%	5.5%	11.7%

Source: 1988 *HIFE*/Shelter Cost surveys by Statistics Canada
*Percent of renter, owner and total households, respectively.

Renter Need by Housing "Problem"

Over 60% (164,000) of core need renters have a problem with affordability only (see Table 3.2). If supply was not a major concern, this group could be assisted with essentially financial subsidies, assuming a rent control system was in place. However, almost 40% of (104,000) core need renters live in crowded (unsuitable) and/or inadequate housing.

TABLE 3.2

HOUSING PROBLEMS OF RENTERS IN CORE NEED 1988				
Problem	Only Problem		Total With Problem	
Affordability	164,000	61%	218,000	81%
Suitability	37,000*	14%	76,000	28%
Adequacy	**	(3%)	38,000	14%

Source: 1988 *HIFE* survey (of 1806 Ontario renter households)

*If bachelor apartments were defined as "suitable" for a single person, this figure would be 10,000 and the adjusted core need total for Ontario would be 241,000.

**Insufficient cell size.

The problem of affordability will be reduced for social assistance recipients because of increases in the shelter benefits over the past four years. Other housing problems, such as local availability, adequacy and access, however, may not be reduced by these recent reforms. Research is underway to determine the overall impact on core need of these social assistance reforms.

Current Core Need by Area and Household Type

In 1988 almost half (46%) of Ontario rental core need was located in the Toronto census area and 54% was in the remainder of Ontario.

The table below shows core need divided into groups which resemble the basic categories of those who want rent-geared-to-income housing: families, seniors and single non-seniors.

TABLE 3.3

RENTER CORE NEED	FAMILIES	SENIORS	SINGLES	TOTAL
HOUSEHOLDS	76,000	102,000	90,000	268,000
DISTRIBUTION	28%	38%	34%	100%

Source: 1988 *HIFE* survey data.

Total housing needs would be greater if the homeless, native persons and those living in rooming houses or with special needs were more adequately represented in the core need figures.

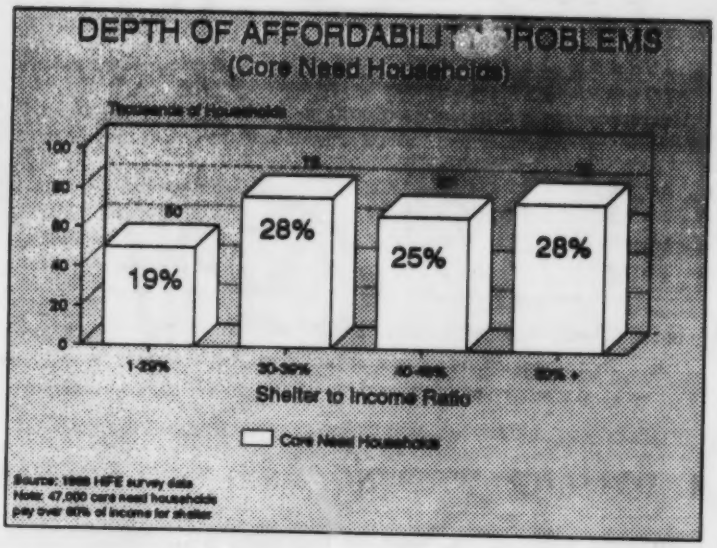
Depth of Affordability Problems

One way of measuring the urgency or "depth" of core housing needs is through the proportion of household income spent on shelter.

Over 75,000 households - a disturbingly high proportion (28%) of those in need - spend over half their incomes for shelter expenses. An additional 25% of those in core need (67,000 households) spent 40-49 percent of their income for shelter. These are individuals that are at a high risk of being homeless.

FIGURE 3.1

Those without affordability problems (the 19% of households in the "less than 30%" group) may have managed to keep their shelter costs "affordable" by accepting inadequate or unsuitable (crowded) dwellings (see following chart).



PROJECTED NEED

The table following shows the impact of rent geared-to-income (RGI) supply on projected core need through 1993. The projections of core need are based on demographic factors.

Even with no new non-profit housing programs, RGI supply will increase by about 53,000 units (38%) from 1988 to 1993. Over half this increase will be unilaterally funded by Ontario. The proportion of "needy" households who can be provided with RGI housing has increased from 34% in 1988 to 38% in 1991 and will increase to 44% in 1995. Unmet core need is therefore projected to decline because of the current provincial non-profit supply programs (primarily "Homes Now").

However, a significant number of low-income persons will be without the housing they need, and without additional RGI supply, unmet core need will start to increase significantly after 1993.

TABLE 3.4

ESTIMATED PROPORTION OF CORE NEEDS RESOLVED BY RGI HOUSING			
YEAR	RGI UNITS	PROJECTED CORE NEED GIVEN INCREASED RGI SUPPLY	RGI "PENETRATION" OF HOUSING NEED
1988	139,000	268,000	34.2 %
1989	147,000	267,000	35.5 %
1990	158,000	264,000	37.4 %
1991	162,000	267,000	37.8 %
1992	174,000	260,000	40.1 %
1993	184,000	255,000	41.9 %
1994	187,000	258,000	42.0 %
1995	190,000	260,000	42.2 %

Source: Ministry projections based on RGI inventory/1988 *HIFE* need data.

Note: These projections do not reflect post-1988 changes in core need, resulting economic factors or from increased shelter subsidies paid to social assistance recipients.

4. DEMAND (WAITING LIST) FOR SOCIAL HOUSING

Demand for geared-to-income rental housing includes those in need who have indicated a specific desire for assisted housing, by joining waiting or priority lists. Waiting lists are maintained by OHC, and by non-profit and co-operative housing sponsors.

At the end of 1990, the combined total of OHC Priority Lists and the waiting lists for rent geared-to-income housing of major non-profit producers was 54,000 households. This does not include the independent waiting lists maintained by many small non-profits, including co-operatives, which are not centrally recorded.

Waiting list data should be used with some caution. Many persons do not bother to complete applications when they realize the number of applicants ahead of them on the waiting or priority lists. Other many not be sophisticated enough to get on a waiting list or keep their place on the list by renewal.

A recent study commissioned by the Ontario Non-Profit Housing Association and the Co-operative Housing Association of Ontario estimates that the total on waiting or priority lists at over 100,000 households, including those who applied for market rent accommodation.

OHC and Common Housing Priority Lists

Common Housing Priority Lists (CHPLs) are voluntary for non-profits and co-ops and provide 'one-stop-shopping' for housing applicants. Where non-profit and co-operative projects participate in CHPLs, applicants need apply only once to be on waiting lists for OHC and participating non-profit and co-operative

projects in the community or area where the applicant household wishes to live.

OHC Priority Lists, including CHPLs, averaged 43,000 households in 1990. The largest demand was from Families (49%), followed by Seniors age 60+ years (29%), and Singles & Couples (22%).

In total, non-seniors comprised fully 71% of 1990 OHC Priority Lists. This has not always been so. Figure 4.1 shows the dramatic growth in families on waiting lists, resulting in part from changes in programs, priorities and eligibility for RGI housing.

Figure 4.1 also shows a decrease in the number of senior applicants from 1975 to 1985, and an increase since 1985, due in part to the merging of 4,000 Senior applicants into the Seniors Central Housing Registry in Metropolitan Toronto at the beginning of 1988.

Figure 4.2 shows more recent changes in the OHC Priority List, from 1988 to 1990. Notably, while seniors applications have been growing slowly, family applications have been stable. Finally, singles & couples have accounted for almost all of the growth of non-senior household Priority Lists. A contributing factor has been the extension of eligibility to non-disabled singles in 1988, with records adjusted to reflect this in 1989.

Priority Lists are very active. Many new applicants apply to OHC, and others either cancel their applications or are housed through OHC Priority lists.

Over the past three years (1988-1990) more new applicants applied each month (11% of List) than cancelled their applications (7.5%) or get housed (2.4% - 4.1%). As a result, Priority Lists continue to grow. In the same period, over 90% of applicants who are housed move into existing units made available by turnover. Less than 10% of the OHC Priority Lists are housed in new non-profit and co-operative projects.

Of the neediest applicants (scoring 150+ points), fully 95% of Seniors are likely to be housed through OHC Priority Lists, compared to 32% of Singles & Couples and 16% of Families. Less needy applicants are not likely to be housed through OHC Priority Lists, except where Common Housing Priority Lists provide applicants to non-profit and co-operative projects.

Non-Profit and Co-operative Housing Demand Indicators

a. Waiting Lists

Unlike OHC, it is common practice for many project sponsors to maintain a limited waiting list, cutting off applications when the list is adequate to meet demand for some time into the future. As a result, Non-Profit and Co-op waiting lists are not directly comparable to the OHC Priority Lists.

FIGURE 4.1

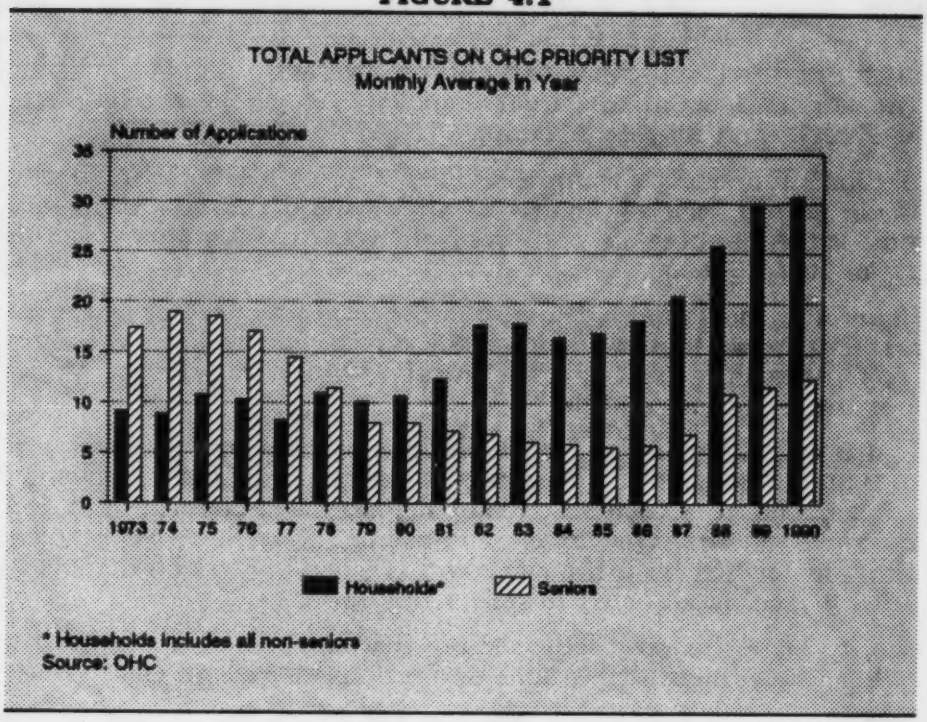
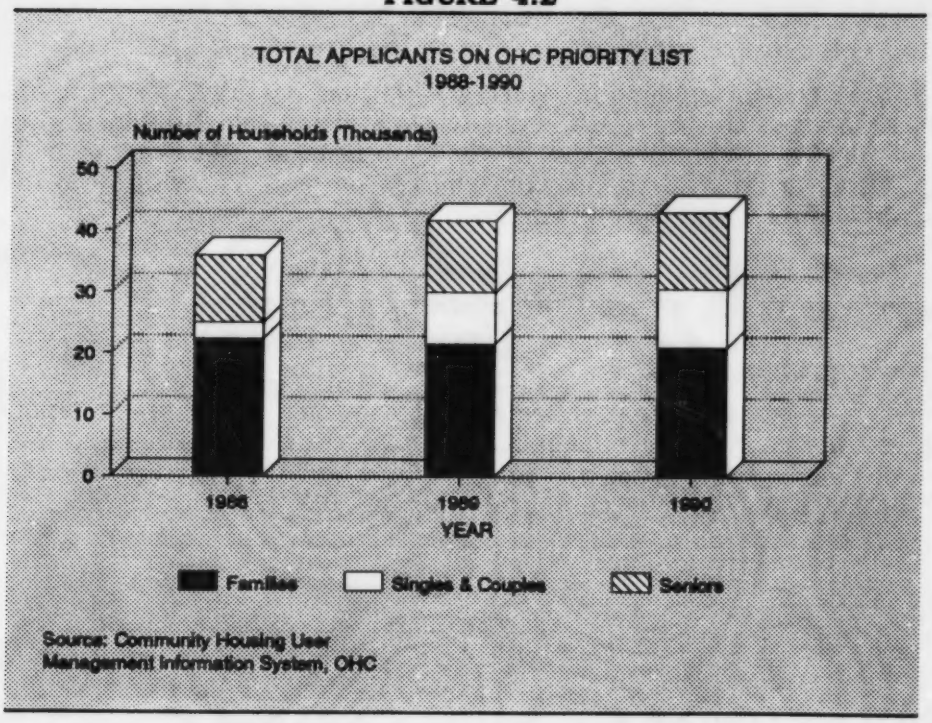


FIGURE 4.2



b. Other Demand Indicators

The *Evaluation of the Federal Co-operative Housing Programs* (CMHC, 1990) suggests that there may be a demand for 5,000 to 13,000 RGI co-operative units in Ontario. Further, an applicant on a waiting list might now expect to wait up to three years for a co-operative housing unit.

RGI Supply and Demand

Supply of social housing that satisfies demand may be provided through **additional units** in new projects, in existing housing through **rent supplement** or through **turnover** in existing social housing stock.

Since 1988, the province has undertaken to deliver about 37,000 Provincial unilateral assisted rental units, of which nearly 27,000 will be rent geared-to-income. These units are additional to the ongoing Federal-Provincial non-profit and rent supplement programs.

Based on projected inventory increases arising from these housing programs, and on the assumption that the characteristics of non-profit and co-op waiting lists are comparable to OHC Priority Lists, projections suggest that waiting lists may decline by 1995 as follows:

1. Family waiting lists for OHC, non-profits and co-operatives may be reduced by as much as 63%, Singles & Couples lists by as much as 33%, and Seniors lists by as much as 35%; and
2. the net impact may be to reduce total estimated waiting lists by almost 48%.

A more conservative analysis, using only OHC lists and proven non-profit lists, suggests a 52% depletion of demand by the end of 1995.

It is, however, recognized that there may be an increase in new applicants and decrease in cancellations as interest is spurred by construction of new projects, and as plans to improve access to waiting lists are implemented. This has historically been the case. Such a response would tend to offset the depleting effect of new units on waiting lists, resulting in larger waiting lists.

As well, access initiatives could assist those in need in getting better access to housing. This would increase the demand recorded through waiting lists.

The need to monitor waiting lists, trends in household formation and income, core need survey results and private sector supply will increase in importance to assure that housing programs address outstanding need.

5. COMPARING NEED AND DEMAND

While need and demand data about housing have weaknesses, together they can reveal something about those groups which are most urgently interested in obtaining access to RGI housing.

TABLE 5.1

DISTRIBUTION OF NEED AND DEMAND BY HOUSEHOLD TYPE

	FAMILIES W/ DEPENDENTS	SENIORS	SINGLES/ COUPLES	TOTAL
RGI Demand	60%	18%	22%	100%
Core Need	24%	38%	38%	100%

Source: OHC/Common priority lists/1988 *HIFE* survey data.

While families (with dependents) accounted for 24% of core need (Table 5.1), they accounted for 60% of households which applied for RGI housing (OHC and Common priority lists).

FIGURE 5.1

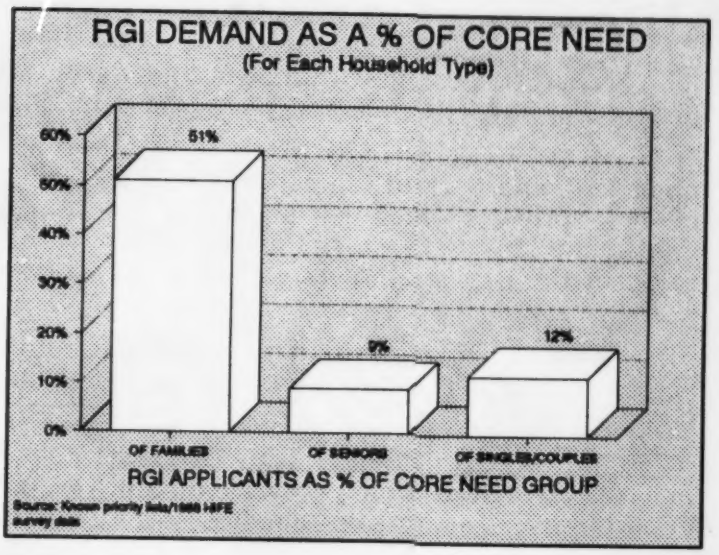


Figure 5.1 provides support for the view that families generally have fewer acceptable alternatives to RGI housing than seniors or singles.

Further research is planned to determine why so many non-family households (seniors, singles & couples) in core need have not applied for RGI housing.

2.
The Impact of the Land Use Planning and Building Regulatory Systems on the Production and Management of Housing

1. INTRODUCTION

The creation of new housing supply, either by new construction or by intensification, is governed by complex regulatory processes. The development of land and the construction of buildings are both subject to regulatory systems that have been created over time to promote the development of healthy communities and to ensure buildings are built that are safe, secure and of a consistently high quality. The land use planning process allows municipalities to plan the physical, and to some extent social, shape of communities within the context of Provincial goals and priorities. The building regulatory system allows government at both the Provincial and Municipal levels to set minimum standards for buildings that ensures that they will be safe and secure for their occupants. More recently, the building regulatory system has been used to promote social goals such as barrier free access for disabled persons.

Due to the complexities of the processes, obtaining the necessary approvals to construct new housing or add to the stock through intensification can be both time consuming, and as a result, expensive.

2. THE PLANNING PROCESS

The key legislation governing the **development of land** is the *Planning Act*. The *Planning Act* was passed to allow local governments to make decisions about the use of land within an overall Provincial context.

The *Planning Act* enables municipalities to adopt an Official Plan that determines where different types of activities occur geographically, such as the relation of industrial activity to residential activity or commercial activity. These broad local policies are further refined through a Secondary Plan. The established directions are then implemented through local zoning by-laws which regulate things such as the level or intensity of the permitted land use within a particular part of the municipality. Examples include in the case of residential development, whether the land will be used for single

family detached housing or high rise apartments and the performance standards which buildings must meet including the form or appearance of the building and parking requirements, etc.

The Province has set out broad goals for dealing with issues such as environmental protection and has the ability to make policy statements about particular issues. If a policy statement is issued, municipalities, their local boards, ministries and boards and commissions of ministries and the Ontario Municipal Board must have regard for the statement in its deliberations. The *Planning Act* also empowers municipalities to pass by-laws setting standards for the amount of parkland required, the number of schools needed, other community facilities, how the housing unit should be placed on the lot, etc.

When a new development, housing or otherwise, is proposed which will require a change to the status of land within a municipality, whether it be Official Plan Amendments, zoning changes or minor variances, the change must receive approval from the municipality, a Regional Municipality, if appropriate, and the Province or the appropriate delegated authority. Every land development project must also undergo a thorough examination by any interested parties through mandatory public meetings. The proposed changes may be reviewed by up to 40 separate agencies. Thus, while the planning legislation is relatively straightforward, a complex approval process has been developed around it. This process involves municipalities, Provincial Ministries, the public and the Ontario Municipal Board and Cabinet, which is the final arbiter of decisions about land use.

Municipal Councils can require the proponent of a new development to meet conditions for approval or can vote against the development proposal. The municipality can also provide "density bonuses". This means the developer is given extra density, either more square feet of office space or more residential units, in return for providing a community facility such as a fire station, a community/cultural centre, extra parks and public open space, land for affordable housing or cash payments for affordable housing. The cost of the facility is fully offset by the value of the extra density.

The *Planning Act* also requires that public meetings be held on proposed land use changes. The public is able to express its views to the proponent and to the Planning Committee and after revision, to Municipal Council and seek changes to the proposal to make it more acceptable to the surrounding community. Local property owners associations may negotiate with the developer to obtain additional community facilities such as a library branch or a swimming pool for area residents. They can also use the process to block development which they perceive as undesirable for their neighbourhood. When there is a development proposed that will result in the creation of affordable housing, there is often considerable public opposition because of the fear that the future residents of the housing will have a negative impact on the adjacent properties. Community opposition can be effective in preventing or stalling an application for affordable housing, although the act is intended to regulate form and density of land use, not people who use it. Recently non-profit groups have been purchasing land that is zoned appropriately in terms of density and form but was processed

as condominium property. Municipalities have attempted to block this through by-laws.

The municipalities review particular sites or parcels within the context of its existing planning policies for an area, including quality of life in the community and the municipality's plans for the future of the area. The Province, on the other hand looks at broad concerns, including how the proposed changes will impact on Provincial priorities such as foodland preservation and flood control, drainage changes, etc. The public has an opportunity to voice concerns about changes to their established neighbourhoods through the development or redevelopment of sites through the public consultation requirement in the legislation.

The Province has broad powers under the *Planning Act* to affect local decisions both with respect to specific municipalities and to all or a defined group of municipalities and has final approval for changes. It can require municipalities to take a comprehensive review of area when there has been a series of applications all bearing on the same part of the municipality, with respect to the cumulative impact on community infrastructure and services such as schools. This has not been common practice since it results in the Province being more directly involved in local matters. Also, where an area or proposed change has an impact that the Province views as of broader concern it may declare a Provincial Interest on certain municipal decisions, which means that Cabinet, rather than the Ontario Municipal Board or the municipality has the final decision.

Given the broad provincial authority under the *Planning Act*, the Province has considerable opportunity to encourage, influence, persuade or require municipalities to undertake certain activities as they carry out the local planning process. Historically, the Province has tended to avoid intervening in these local decisions, particularly in large sophisticated municipalities.

At any time in the process, either the proponent, the municipality or a member of the public can ask that an application be referred to the Ontario Municipal Board, the administrative tribunal that has the final decision before Cabinet, on development applications. The OMB hears from the proponents and opponents of a land use change and may approve or refuse to allow the change. As a result of this complex system, planning approvals can be lengthy, averaging 4 years from start to finish while those facing opposition may take as long as 7 to 12 years to be resolved. Occasionally, when there is a change of Council or government priorities, proposals that were already approved may be sent back for review and subsequently change.

This process has a three way impact on the government's ability to meet the housing needs of Ontarians; it constrains the amount of land available for housing, it reduces the flexibility of government programs in being able to quickly bring assisted housing units on stream during a period such as the present when costs are relatively low and it adds substantially to the cost of producing publicly assisted and private units.

While giving municipalities the ability to determine local priorities, impediments created through the planning process impact on the creation of housing by both private developers and not-for-profit housing producers. The major impacts of the lengthy planning process on housing produced by the private sector are eventually reflected in two areas. The first is a higher price for all the housing created and the second is that the private sector will build the type of housing that has the highest probability of being approved quickly. This is often large single family units. A secondary impact of the lengthy planning process is a tendency towards the concentration of urban land, since small companies cannot afford to hold land for long periods of time. Large companies acquire the land and then sell it to builders or small developers once it has been fully developed and after the profit has been made on the changed zoning of the land. This also results in higher prices.

The impact on the production of non-profit housing is more direct in terms of the ability of the Ministry of Housing and non-profit and co-op producers to deliver socially assisted housing. Non-profit housing cannot be constructed without land which has the necessary servicing, official plan and zoning designation. If serviced appropriately zoned land is in short supply, then non-profit housing may not be delivered in the required numbers. As well, if there are shortages in the supply of land for development, then the cost of land increases. This in turn increases the cost of providing non-profit housing and/or reduces the number of units which can be delivered within a fixed budget. If the regulatory system significantly slows down the approvals/plans review process then the delivery of non-profit units is delayed and the final costs are increased. Therefore an adequate supply of serviced sites is extremely important to the non-profit sector as are the regulatory impediments and government interventions which affect supply.

Supply restrictions also impact on social housing in an indirect manner. The high housing costs which often can make areas with these high costs unattractive to both industry and labour. Industry may be forced to pay higher wages because of higher living costs and any labour which is mobile is discouraged from locating in areas where housing is expensive or unavailable. High housing prices, therefore will tend to discourage industry from locating in such areas. This further increases unemployment and economic hardship. This will put additional pressure on non-profit/social housing in these areas.

In an effort to set out the Provincial priority for the production of affordable housing versus local priorities established through the planning process, the Province has undertaken a number of actions to inform and direct municipalities in planning for development of affordable housing. The Land Use for Housing Policy Statement, issued under the Planning Act, establishes provincial goals for housing including:

- The requirement land be provided for a range and mix of housing types and that 25 per cent of residential land within a community must be for affordable housing where affordability is determined by the Ministry;
- A 2 year supply of serviced land must be on hand at all times;

- A ten year supply of appropriately zoned residential land be available at all times;
- Encouragement of intensification;
- Streamlining of the approvals process.

A number of high priority municipalities were designated to respond to the Province by the end of 1991 with amendments to their Official Plans to incorporate the changes proposed in the Policy Statement. The Province also intends to examine the Planning System later in 1991 through a Royal Commission of Inquiry.

The government is also setting directions on how it sees the relationship of development to other provincial priorities, through exercises such as the "greening" of the *Planning Act* to ensure that development has the least impact on the environment possible.

3. THE BUILDING REGULATORY SYSTEM

The regulatory system governing the construction of housing (and other types of buildings) is also complex with over 200 separate pieces of legislation and regulations having an impact. These include such major pieces of legislation as the *Building Code Act*, the *Fire Code Act* and the *Heritage Act*.

The Building Code was originally developed to deal with safety issues but is now used to meet other social goals. Recent requirements imposed to meet social goals rather than safety goals include the requirement of freedom of access to public space in all buildings.

Most building standards and requirements are desirable but the complexity of the process can result in unnecessary delays. In total, there are between 4,000-5,000 inspectors covering various aspects of construction. Separate inspections are needed for plumbing, electricity, fire, occupational health and safety, elevating devices, pools, health and energy. This has a major impact on costs and can add up to 6% to the cost of a new home. A new house could have as many as seven inspectors, each visiting from 3 to 17 times.

Innovation in construction, design and land development can contribute to reduced housing construction and development costs. However building innovation is inhibited by a long approvals process which discourages proposals which are different and do not conform with existing trends and regulations. Developers and builders therefore prefer to use conventional and more costly designs because more innovative designs will further lengthen the already long approvals process and create additional cost and uncertainty.

One of the issues that has been examined by the Ministry of Housing in great detail is innovative urban development standards. MOH is now undertaking a study of alternative development standards to show how costs

of servicing can be reduced without losing the benefits of the regulatory system.

Improvements are being made to create more flexibility in the way in which construction is done without a reduction of safety standards. This includes changes to the *Building Code Act* to facilitate the acceptance of equivalent standards from other jurisdictions. A greater use of performance standards, where the materials selected must contribute to a particular level of building performance rather than being of a prescribed size or thickness, is being promoted. This may contribute to facilitate innovation.

3.
The Cost of Producing Rental Housing and the Nature of Government Subsidies

The purpose of this background paper is to outline how the costs of producing rental housing have changed in the province of Ontario over the last two decades, why private market rental construction has not been feasible without government subsidies, and why the cost of creating and funding social housing is so high.

For the most part, discussion is focused on trends in the Toronto area, as this is the only area for which a long time series on hard construction costs was available. However, estimates of recent trends are also provided for five other Ontario municipalities (Cornwall, London, Ottawa, Sarnia and Sudbury) in order to get a better idea of market conditions in different geographical areas and in different sized municipalities.

In order to facilitate the comparison of prices between years, most dollar figures have been converted to constant dollars for 1991; this means that inflation has been factored into past prices such that they represent a value that would be equivalent to today's prices.

1. PRIVATE MARKET RENTAL CONSTRUCTION

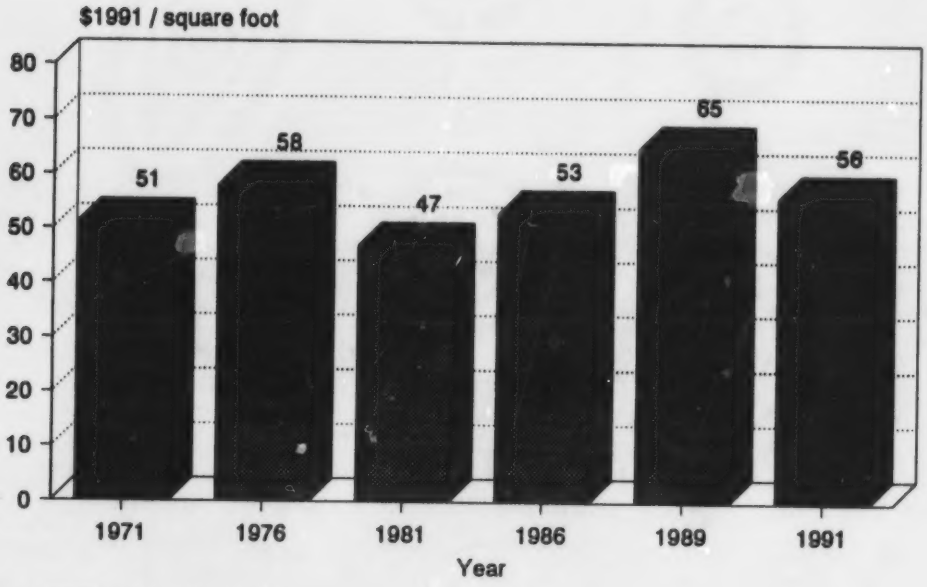
Construction Costs

Figure 1 outlines the historic "hard" (i.e. bricks and mortar) construction costs per square foot for an apartment building in Toronto. Construction costs have not changed dramatically over the past 20 years, generally hovering between $50 and 60$ per square foot (in $1991). The impact of the high interest rates of the early 1980s on the construction industry is evident in the particularly low construction costs of $47 per square foot. The impact of the booming Toronto real estate market in 1989 is also evident in the particularly high construction costs which were about $65 per square foot.

Soft development costs encompass a wide range of factors, and typically represent up to 30% of hard (construction) costs. Soft costs include planning and approval costs, financing costs, professional fees (ie. architecture, engineering, etc.), project sale/leasing costs, and other related items.

Figure 1

HISTORIC CONSTRUCTION COSTS IN TORONTO
APARTMENT BUILDINGS
COST PER SQUARE FOOT, $1991



Source: TREB and Royal Lepage.

LAND COSTS

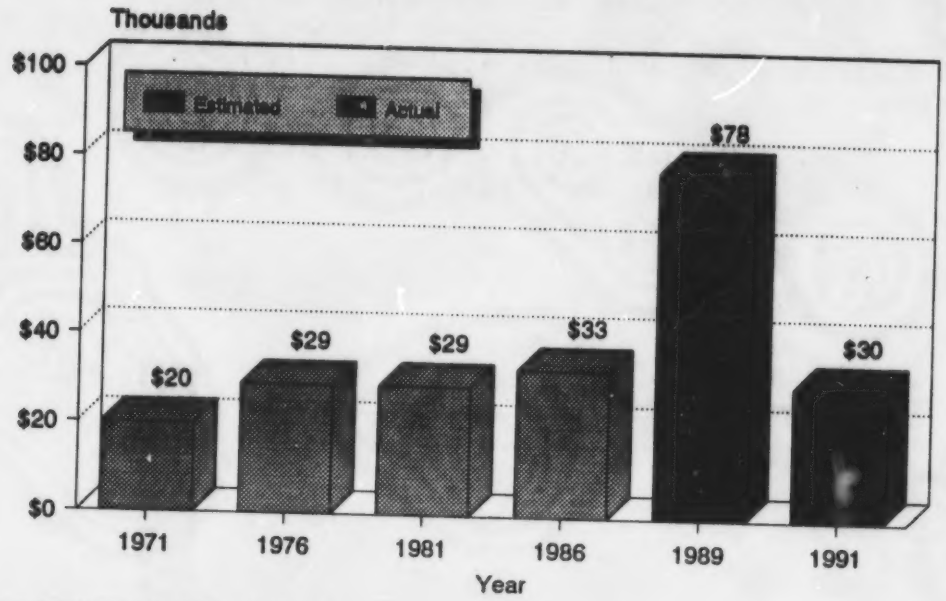
A major factor in developing a residential project is the land on which the development is located. Land costs are affected by a wide range of factors including location, density, zoning, nearby amenities, service capacity, appropriateness for development, visibility and other related factors. Each location and parcel of land differs with respect to these factors. Therefore, a comparison of land costs, to a large degree, presents a tremendous definitional problem. It is critical to compare "apples to apples" when comparing land values, especially from a historic perspective.

For this reason, land values for the years 1971-1986 have been derived from industrial land sales price changes in Metro Toronto over the same period. While this is an extremely crude method of estimating historic land values for high density residential land, it is hoped that this provides a reasonable indication of trends in prices over time. (Note: price changes for indusrial land in Metro Toronto over the 1976-1991 period were comparable to changes in suburban residential lot prices per front foot over the same time period).

Land values for apartments developments are typically quoted on a per unit value basis. Figure 2 outlines estimates of how land costs per unit for

Figure 2

HISTORIC LAND COSTS IN TORONTO
COSTS PER APARTMENT UNIT
CONSTANT $1991



Source: Actual prices from Royal Lepage.

an apartment building in Toronto have changed over time. As mentioned, the figures used for the 1971 to 1986 dates are rough estimates based on indstrial land price changes over time and should be used with caution.

Between 1971 and 1976, Toronto experienced a real estate boom which led to substantial price increases over this period. Land values appear to have then stabilized throughout the latter 1970s and early 1980s, generally keeping pace with inflation up until 1986. However, between 1986 and 1989, land values for all types of real estate including industrial, commercial and residential, experienced extraordinary increases, more than doubling during this period. In a report done for the Ministry of Housing in 1989, Royal Lepage estimated land values for high density residential land in the Toronto to be about $78,000 per unit ($1991).

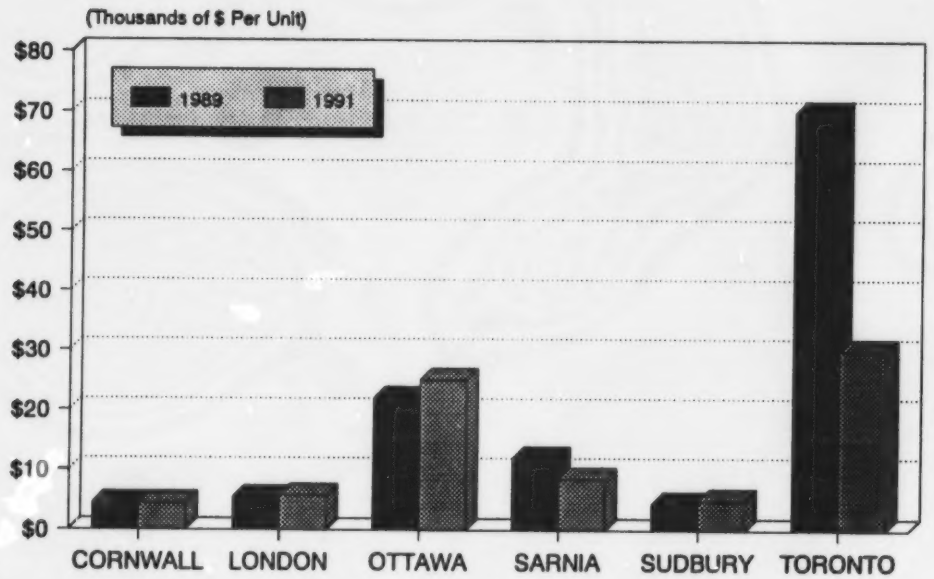
Following the collapse of Toronto's condominium market, land values for high density residential land fell considerably from their 1989 levels. Based on sales data from Royal Lepage and discussions with the Ministry of Housing central region staff, it is estimated that high density residential land is selling for under $30,000 per unit in the city of Toronto currently, less than half of its 1989 value. However, these low prices may only be temporary and may rise considerably as the market recovers.

Six Ontario Communities

While land values have dropped significantly in the Toronto area in the last two years, this does not appear to be the case in many other municipalities. Figure 3 shows apartment land values for six Ontario communities in 1989 and 1991. Cornwall values have stabilized at $4,500 per unit between 1987 and 1991, while London, Ottawa and Sudbury have shown modest increases. By contrast, in the City of Toronto, apartment land values have plunged to only $30,000 per unit compared to the $70,000 peak in 1989.

Figure 3

ESTIMATED LAND VALUES PER UNIT
FOR APARTMENT DEVELOPMENTS
1989 - 1991



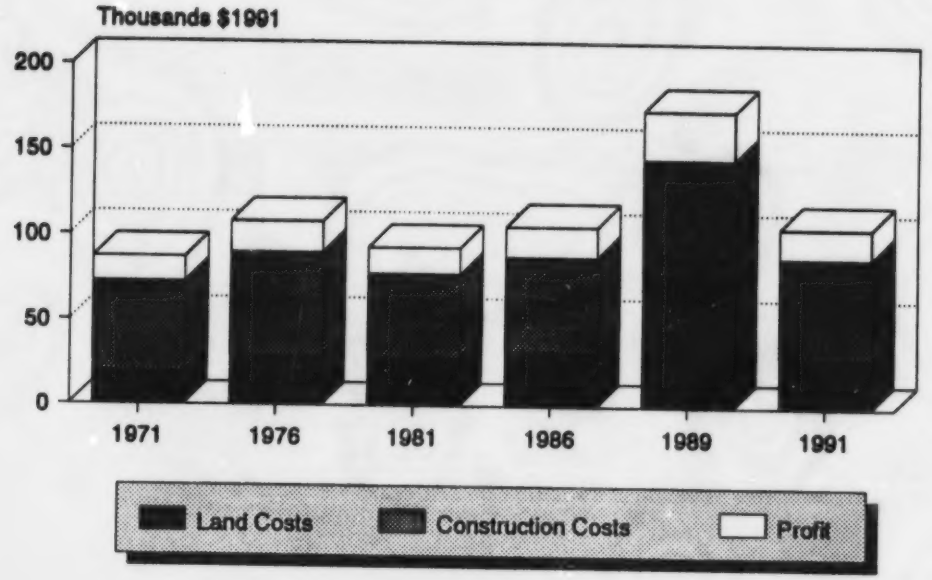
Source: Royal Lepage

Estimated Replacement Costs

Figure 4 below outlines estimates of how replacement costs in Toronto have changed by component over time based on the data in the previous two figures. These replacement costs are calculated based on the construction cost, land cost and soft construction cost data previously described. The calculation also includes a 20% developer's profit, the standard used across the development industry. Some developers might be prepared to accept a lower profit margin to secure business, especially if that developer owns a construction company that will be responsible for the project and will therefore receive some form of profit related to building the project.

Figure 4

ESTIMATED REPLACEMENT COSTS
TWO-BEDROOM APARTMENT
TORONTO, $1991



Replacement costs were fairly stable during the 1970s and early 1980s, reflecting stable construction costs (both "hard" and "soft") and land costs. However, the extraordinary increase in land prices during the 1986-1989 period increased replacement costs tremendously. While construction costs also increased during this period, the impact of their increases on replacement costs is dwarfed in comparison to the impact of land costs.

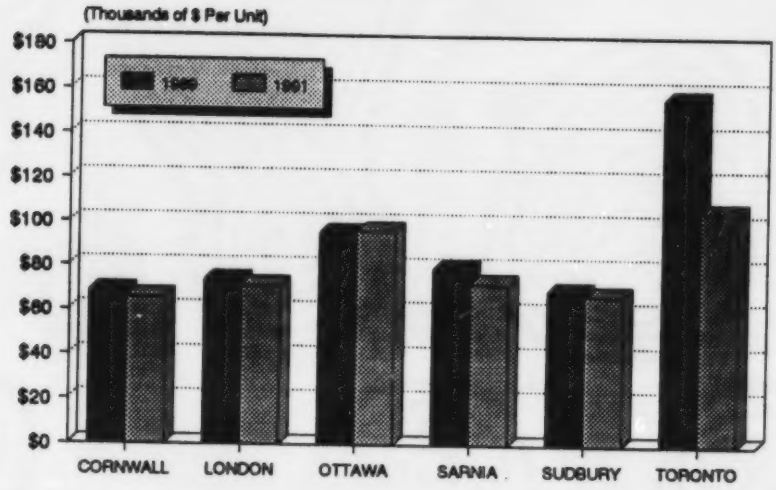
Assuming the estimates of land values for the 1971-1986 period are reasonable, it appears that current replacement costs for an apartment in Toronto are similar to those of the late 1970s and early 1980s.

Figure 5 compares 1989 and 1991 replacement costs for six municipalities in Ontario. It shows that Toronto continues to have by far the largest replacement costs at an estimated $105,600 per unit, followed by Ottawa with $96,200 per unit.

Except for Ottawa, overall replacement costs declined between 1989 and 1991, although by very little. For the most part, these declines are attributed to lower construction costs and, in some cases, lower land costs. By far the largest decrease (33%) was experienced in Toronto; however, this primarily reflects the extaordinarily low land prices in Toronto currently, which may be a temporary phenomenon. Ottawa experienced a modest

increase of 1% and was the only municipality in our sample where replacement costs rose.

Figure 5
ESTIMATED REPLACEMENT COSTS
TWO BEDROOM APARTMENT
1989-1991

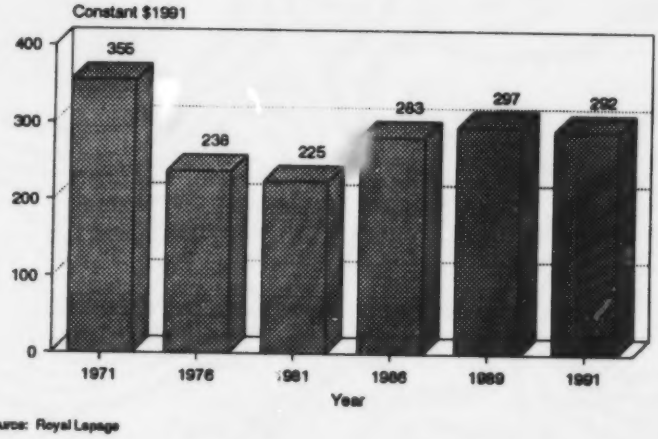


Source: Royal Lepage

Operating Costs

Numerous studies have analyzed and discussed trends in operating costs for Ontario residential rental properties, including Royal LePage's 1989 study of "Financial Trends and other Characteristics of Ontario's Residential Rental Stock". In that study, it was found that operating costs for the average unit were approximately $267 per month in 1989, representing about 51% of gross rent ($524/month). It was also found that between 1970 and

Figure 6
MONTHLY OPERATING COSTS
TWO-BEDROOM APARTMENT
TORONTO, $1991



Source: Royal Lepage

1989, operating costs increased by 7.7% on average each year and represented a growing share of rental revenues over time. To calculate operating costs for 1991, the 1989 figures were increased by the Ministry of Housing's Building Operating Cost Index (BOCI). For 1990, the guideline was 3.9% and for 1991, 5.04%. Generally, operating costs appear to have been relatively stable at about $300 per unit ($1991) over the latter 1980s.

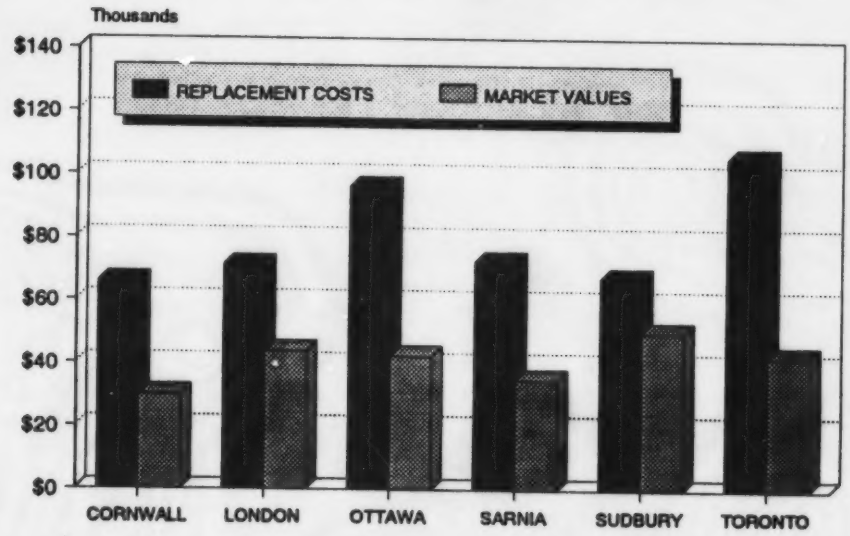
To test these operating costs against costs for new units in Toronto, a reputable residential developer of rental and condominium properties, was contacted. Their representative supplied a current example of a recently constructed condominium/rental project of 250 units, and stated that average operating costs were $550 per 1,200 sq.ft. unit or $0.46 per sq.ft. For a standard 800 sq.ft. unit, the operating costs would be approximately $367 monthly, somewhat higher than the $300 estimate provided through the Royal Lepage apartment building sample, suggesting that the Royal Lepage figures may understate operating costs for a new building somewhat.

Replacement Costs and Market Value

A key factor motivating developers is the ability to create value in a project. If a developer constructs a building, he/she must be assured that the final project is at least worth the value of What was put into it. Unfortunately, for residential apartments (non-condominium), this has not been the case for many years. By 1991, the difference between replacement cost and market value remains significant, as shown in Figure 7.

Figure 7

1991 ESTIMATED REPLACEMENT COSTS
COMPARED TO MARKET VALUES
NON-CONDOMINIUM RENTAL



Source: Royal Lepage.

In almost every instance, the estimated market value for non-condominium rental apartment buildings is significantly less than replacement costs, by as much as 60% less in Toronto to 25% in Sudbury. Clearly, the lower market value compared to replacement costs acts as a deterrent to apartment developers. The exhibit below shows the discrepancy between replacement costs and market values.

Economic Versus Market Rent

In recent years, wide-spread residential rental development has not been feasible in Ontario because of the large increases in development costs compared to the relatively low increases in rental revenues and market values. As a result, a significant gap has grown between *market rents* (actual rents in the market) and *economic rents* (rents needed to cover costs).

Flowing from the calculations of replacement costs and operating costs is the estimate of economic rent. Economic rent is the rent that an apartment developer/owner would require in order to fully cover costs. The calculations use the total replacement costs from above and assume an 800 sq.ft. unit. Financing costs are calculated based on a 30-year amortization period at the interest rates for the year of development. The rent required for operations is derived from Royal Lepage data in the 1989 "Financial Trends" report which provided comparable data for the years 1971 to 1991 (these may understate operating costs for a new rental building in Toronto somewhat as was indicated in the above section on operating costs).

The Economic Rent/Market Rent Gap in Toronto

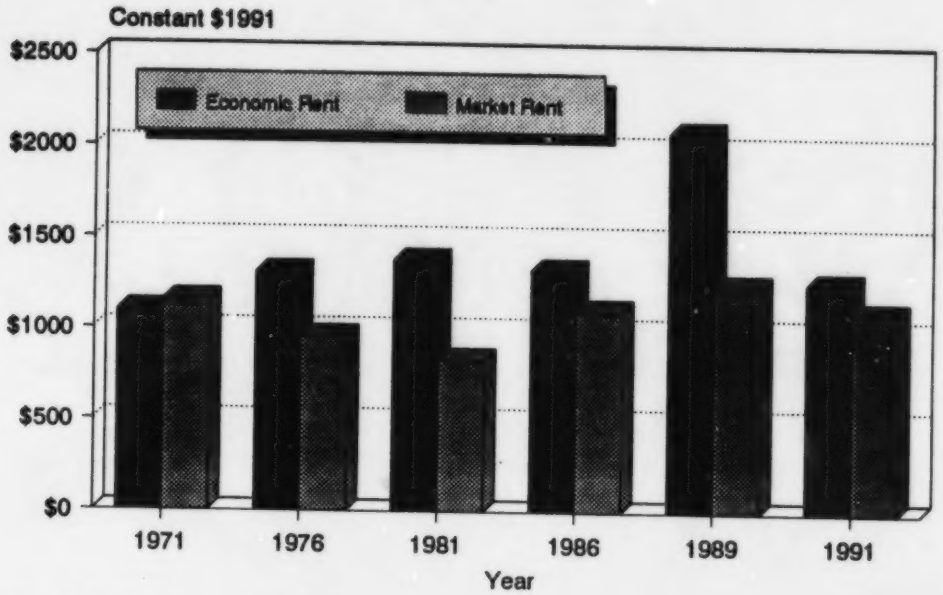
Figure 8 shows how economic rents (in $1991) have changed over time in Toronto and compares them with market rents. Market rents are based on CMHC rents for two-bedroom units in post-1976 buildings (from 1981 to present) in Toronto and on changes in the CPI rent index for Toronto (for 1976 and 1971).

Economic rents and market rents appear to have been fairly close (at about $1,100) in the early 1970s. However, over the 1970s, real market rents declined (by about $300) while economic rents grew to over $1,300 (this was exacerbated by high interest rates in 1981) leaving a gap of about $500 between the two in 1981. Between 1981 and 1986, rents had increased back to their 1971 levels of about $1100 per unit, closing the gap between economic and market rents to about $200.

The extraordinary price increases between 1986 and 1989, however, quickly reversed this, with economic rents soaring to almost $2,100 per unit, broadening the gap to about $800 per unit. With the subsequent drop in prices again by 1991, economic rents plummeted (by about $800) while market rents only declined modestly (by about $150) leaving a gap of only $150. However, it must be kept in mind that the apparent bargains in land prices in Toronto currently may only be a temporary phenomenon, and thus the small size of the rent gap currently may also be temporary.

Figure 8

ECONOMIC RENT VERSUS MARKET RENT
TORONTO TWO-BEDROOM APARTMENT
1971 TO 1991



Source: Ministry of Housing and CMHC.

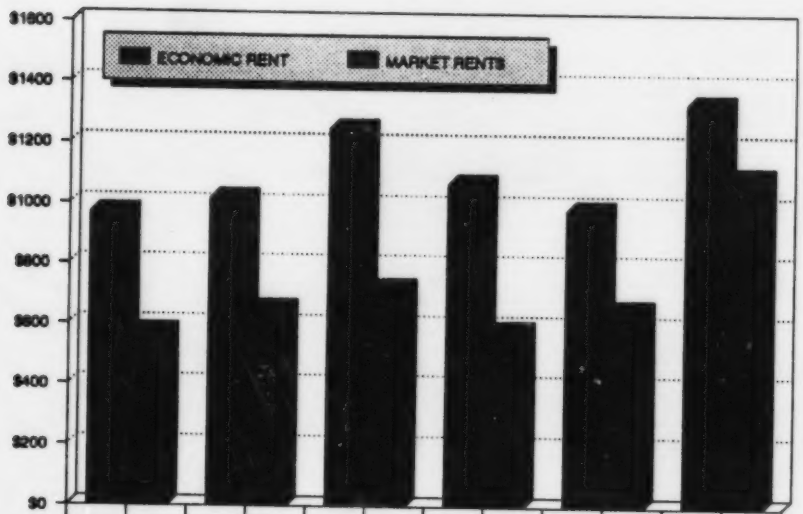
The Economic Rent/Market Rent Gap Across Ontario

Economic rent for the six Ontario municipalities was calculated on the basis of the replacement costs outlined earlier and operating costs of $367 per unit (based on the costs for a recently constructed apartment project in Toronto, which is $67 higher than that used for earlier calculations). Market rents were derived from CMHC data for two-bedroom units in post-1976 apartment buildings in each municipality.

A comparison of estimated economic rent and market rent in the six municipalities is outlined in Figure 9. The gap is currently smallest in Toronto (about $200), where replacement costs and economic rents have dropped significantly in the past year. Outside of Toronto, Cornwall, London and Sudbury currently have the smallest gap between economic and market rents, ranging from at about $350 to $400. The gap was largest in Ottawa and Sarnia at about $500.

Generally, the gap between economic and market rents closed in all municipalities between 1989 and 1991 due primarily to declining interest rates, stable or rising rents, and in some cases declining land and costruction costs. Thus, the large gaps that have been shown to exist currently would have been even larger in 1989.

Figure 9
ESTIMATED ECONOMIC / MARKET RENT GAP
IN SIX ONTARIO COMMUNITIES



	CORNWALL	LONDON	OTTAWA	SARNIA	SUDBURY	TORONTO
ECONOMIC RENT	$970	$1019	$1248	$1070	$984	$1334
MARKET RENTS	$573	$651	$722	$583	$653	$1096

Source: Ministry of Housing and CMHC.

2. SOCIAL HOUSING CONSTRUCTION AND FINANCING

Social Housing Brigde Subsidies

Just as there is a gap between economic rent and market rent in private sector rental units, there is also a gap between economic rent in non-profit and co-op social housing units and the rents charged for market units (non-RGI). Data from recent projects in Toronto suggests that rents for market units in social housing projects are about $850 per month. Based on current Maximum Unit Prices[1] (MUPS) for development of a two-bedroom apartment in Toronto ($152,000) and monthly operating costs in some recent projects (about $450), economic rent for such a unit would be about $1,800 ($450 for operating costs and $1340 for amortized financing payments). Therefore, "bridge subsidies" (the difference between economic costs and market rents) for market units under this scenario would average about $967 per month or $11,600 annually. The net present value of this subsidy cost for this scenario is roughly $69,000.

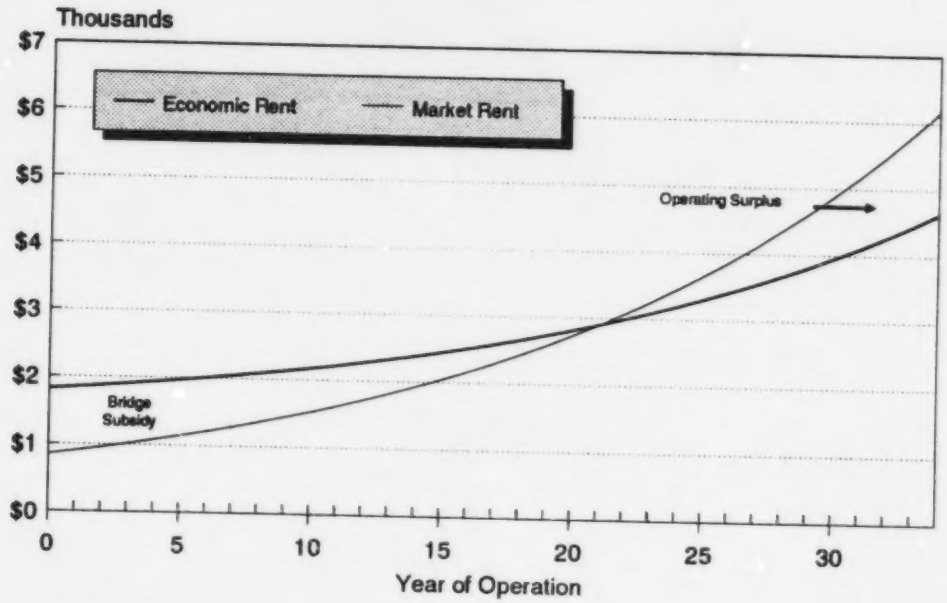
---

[1]Maximum Unit Prices (MUPs) are the maximum capital cost allowed for a particular type of unit (high-rise, townhouse, etc.) in a particular geographic location. They incorporate all the costs of developing a social housing unit. MUPs are set anually through a joint federal-provincial process.

However, over the life of the mortgage for this same project (35 years), the size of the gap between economic and market rent will continually decline (as it would in a private market project). This is because monthly mortgage payments for the unit remain constant through time while revenues increase with inflation (this is sometimes referred to as the "tilt" phenomenon because real mortgage payments are tilted towards the early years of the mortgage). The evolution of the economic rent/market rent gap over the life of the mortgage is illustrated below. As shown, by the twenty-second year of the mortgage, market rents would have reached the level of economic rents, leading to a net surplus in the last 13 years of operation under Ministry of Housing Programs.

Figure 10

SOCIAL HOUSING BRIGDE SUBSIDY
MONTHLY SUBSIDY PER UNIT
CHANGE OVER LIFE OF PROJECT



In the first section of this paper it was shown that land values had fallen so significantly in Toronto recently such that it was possible to build a two-bedroom apartment for about $105,000, significantly less than the current Maximum-Unit-Price of $152,000 in Toronto. As well, it was shown that current market rents are about $1,100 in Toronto. Thus it may be the case that subsidy costs for units built in 1991 will be significantly lower than for those built in 1989 when replacement costs were so much higher.

The table below compares subsidy costs under three alternative scenarios to the one outlined in the chart above (shown as Scenario 1 below). It should be noted, however, that market rents in Toronto may continue to fall for "upper end" units and affect any subsidy scenario. Already it has become more difficult to rent social housing units at prices of over $850. Thus, it is not clear whether market rents of $1,000 per unit are achievable for a market unit in Toronto.

Table 1

Social Housing Bridge Subsidies under Alternative Scenarios

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
ASSUMPTIONS				
Unit Costs	$152,000	$152,000	$110,000	$110,000
Interest Rate	10.75%	10.75%	10.75%	9.00%
Year 1 Economic Rent	$1,800	$1,800	$1,440	$1,300
Year 1 Market Rent	$850	$1,000	$850	$850
SUBSIDIES				
Year 1 Monthly Subsidy	$950	$800	$590	$450
Year 1 Annual Subsidy	$11,400	$9,600	$7,080	$5,400
Years of Operating Defecit	22	16	16	13
Net Present Value of Subsidy	$69,000	$39,000	$28,000	$12,800

Scenario 2 shows that if market rents of $1,000 could be achieved, monthly subsidies would fall and the net present value of subsidies would fall by about $30,000 from $69,000 to $39,000. This project would only incur an operating loss for the first 16 years of operation.

Scenario 3 shows that if units could be built for $110,000 rather than $152,000, the unit would only incur an operating loss for 16 years rather than 22 as in scenario 1. The net present value of subsidies under this scenario would only be about $28,000, roughly $41,000 less than in scenario 1.

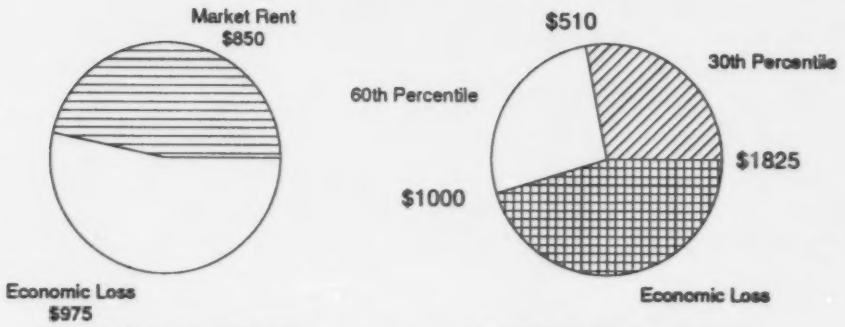
Finally, Scenario 4 demonstrates the impact of interest rates on economic rent in social housing. With a unit cost of $110,000 and an interest rate of 9% (not unrealistic given the rate at which mortgage rates are dropping currently), the unit only runs an operating deficit for 13 years rather than 22. In this case, the net present value of subsidies for this unit would be about $12,800, the lowest of all four scenarios. The sensitivity of economic rents to the interest rates reflects the fact that mortgage financing payments are the dominant cost in economic rents.

Economic Rent Versus Ability to Pay

While comparing economic rents to market rent levels is interesting in terms of bridge subsidy costs, there are still many Ontario residents who cannot afford market rents. Generally, residents below the 30th income percentile cannot afford market rents and will need to have their rent geared-to-income, even after the provision of a bridge subsidy. However, rents that are affordable to those at the 60th income percentile generally surpass market rents in current social housing projects. Figure 11 contrasts economic rents in social housing developments in Toronto with the rents that residents can afford.

Figure 11

ECONOMIC RENT VERSUS ABILITY TO PAY
TWO BEDROOM APARTMENT
TORONTO



ECONOMIC RENT
($1825)

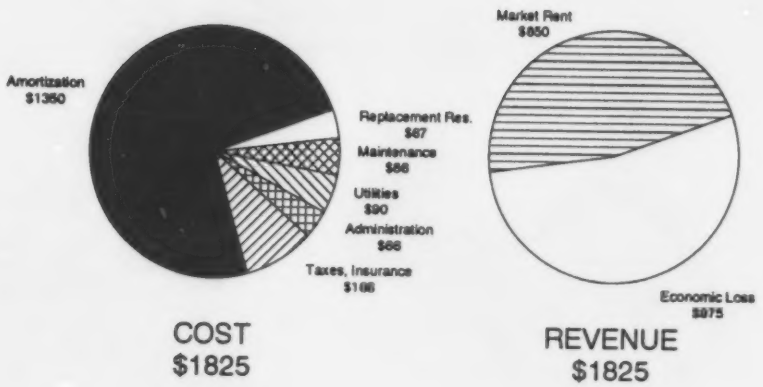
AFFORDABLE RENT
(30th/60th %ile)

Costs and Revenue for a Typical Unit

In new social housing projects, amortization of the development costs dominate all other costs associated with the projects. Of the remaining costs, (such as replacement reserves, maintenance, utilities, administration, taxes

Figure 12

COSTS AND REVENUE FOR TYPICAL UNIT
TWO BEDROOM APARTMENT
TORONTO



and insurance), utilities, taxes and insurance dominate. Figure 12 outlines the costs and revenues for a typical unit in Toronto.

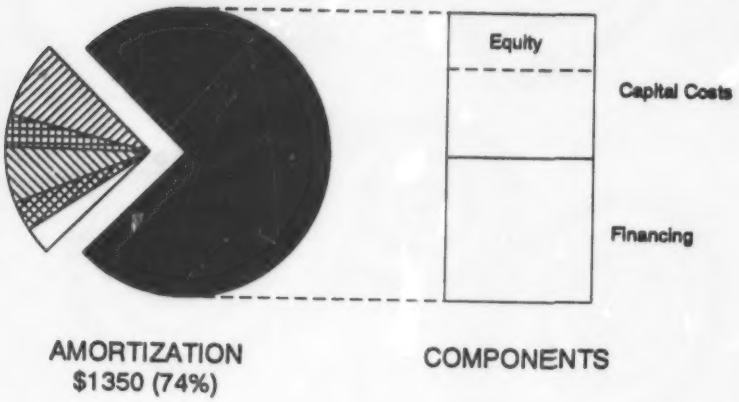
3. REDUCING SOCIAL HOUSING DEVELOPMENT COSTS

This section examines the ways in which the costs of developing and operating new social housing units might be reduced. There are three main ways this can be done: through reducing amortization costs; through reducing operating costs; and through increasing revenues. These are examined further below.

Reducing Amortization Costs

Because amortization of capital costs makes up the largest part of costs for new rental projects, reducing these costs represents the largest opportunity for reducing overall social housing costs. Opportunities for reducing amortization costs can come from three main sources: (1) through reduced construction costs; (2) through greater equity contributions from residents; and through reduced financing costs.

Figure 13
REDUCING COSTS OF AMORTIZATION



Reducing Capital Costs

Capital costs are dominated by hard construction costs and land acquisition costs, where the main opportunities for cost reduction lie. However, there are also interim financing costs, fees and charges, and contingency costs which could also be reduced. The charts that follow outline the main components of capital costs and how they might be reduced.

Land costs might be reduced through a variety of mechanisms including: provision of government land at a reduced or no costs; through the intensification of existing sites or greater densities on new sites; a speculation tax which can mitigate short term price rises; through development in lower cost land areas; or through more timely provision of infrastructure (roads, sewers, water, etc) which ensures a greater supply of land is available during high growth periods.

Construction costs might be reduced through the following methods: ensuring there exists an adequate skills base and construction capacity within the building industry to meet demand; reduced down time in construction through improved labour relations; lowered standards (safety, unit size, etc) which lower construction costs; use of sweat equity by residents; or through changes in building technology.

Figure 14

REDUCE COSTS OF LAND ACQUISITION

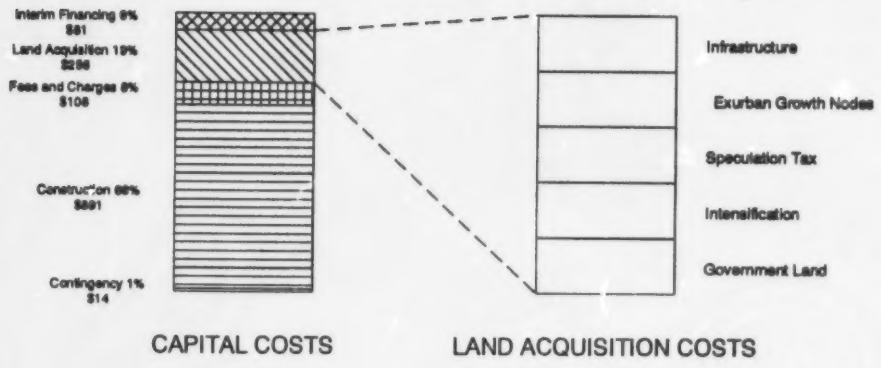
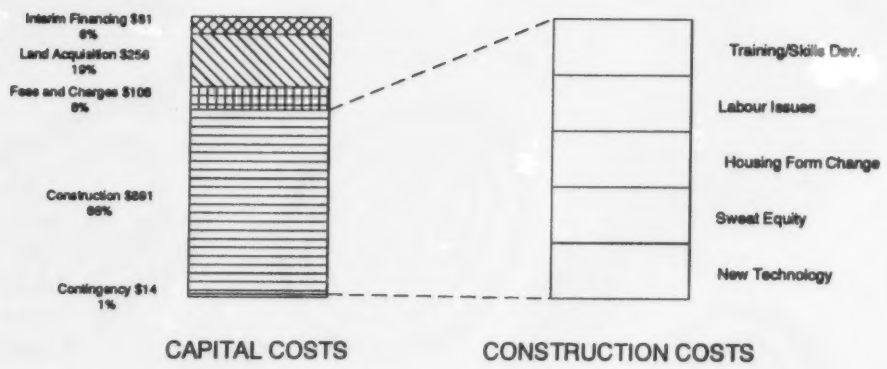


Figure 15

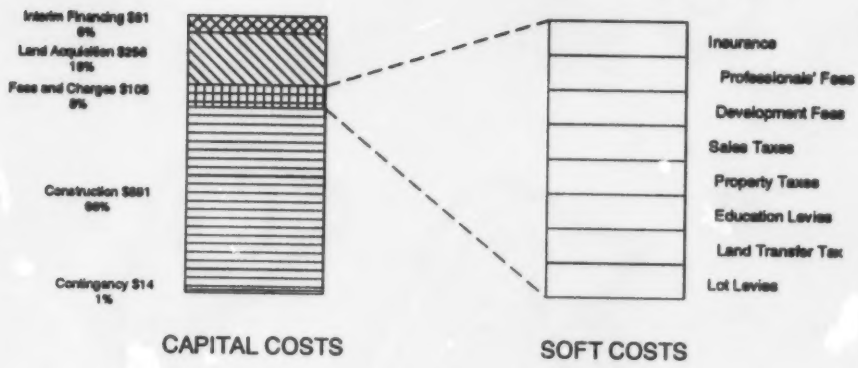
REDUCE CONSTRUCTION COSTS



Fees and charges might be reduced in a number of ways: through a reduction in the fees required to develop housing (insurance, legal, engineering, architects, consultants, etc); through a reduction in land transaction costs such as lot levies, land transfer taxes, education levies, or sales taxes; or through a simplification or standardization of program requirements which result in reduced fees.

Figure 16

REDUCE FEES AND CHARGES (SOFT COSTS)



16

Interim financing costs might be reduced through the following mechanisms: a streamlining of the approvals process; or through the use of alternative financing techniques which lead to lower financing costs during project development.

Finally, contingency costs might be reduced either by ensuring that there are adequate design standards to minimize cost overruns or by avoiding procurement techniques without fixed-price contracts.

Figure 17

REDUCE INTERIM FINANCING COSTS

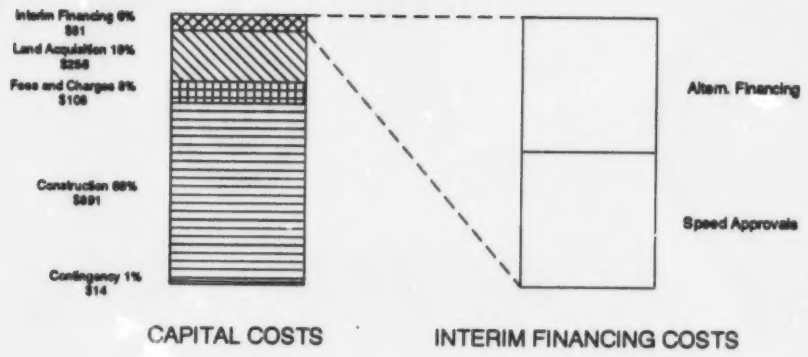
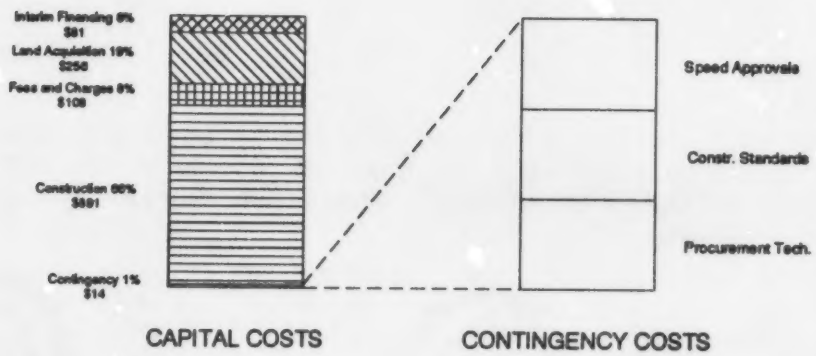


Figure 18

REDUCE CONTINGENCY COSTS

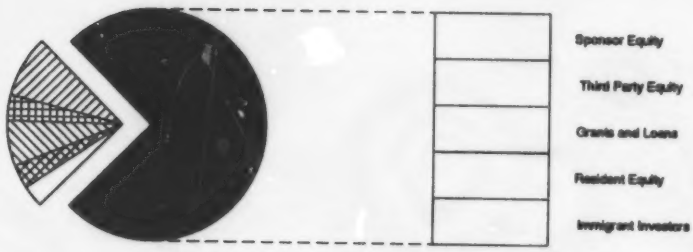


Increasing Equity Contributions: The investment of capital in housing reduces the need for debt financing. Equity contributions result in lower carrying costs by reducing the proportion of capital costs which must be amortized. However, the requirement of a return on equity by investors would offset any cost savings through this mechanism.

Equity contributions could be increased as follows: an optional or mandatory equity contribution by the social housing sponsor; equity contributions (e.g. land) by an associated third party; use of front end grants and/or loans; encouraging the equity participation of residents; use of the immigrant investor program as a source of equity funds; and, reducing the required rate of return on equity in social housing projects through a tax expenditure (a tax break).

Figure 19

MANDATING AN EQUITY CONTRIBUTION



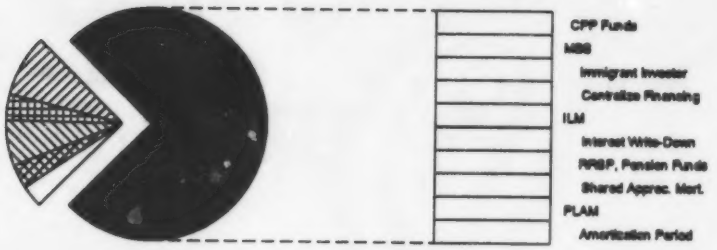
AMORTIZATION (74%)

EQUITY CONTRIBUTION

Reducing Financing Costs: Some possibilities for reducing financing costs include: expanded use of CPP funds; use of mortgage backed securities to achieve lower interest rates; use of the immigrant investor program for low interest loans; centralized mortgage funding; indexed linked mortgages which offset the tilt phenomenon in conventional mortgages; interest write-downs; use of RRSP, pension funds; shared appreciation mortgages; and alternative amortization periods.

Figure 20

REDUCING FINANCING COSTS



AMORTIZATION (75%)

INTEREST COST

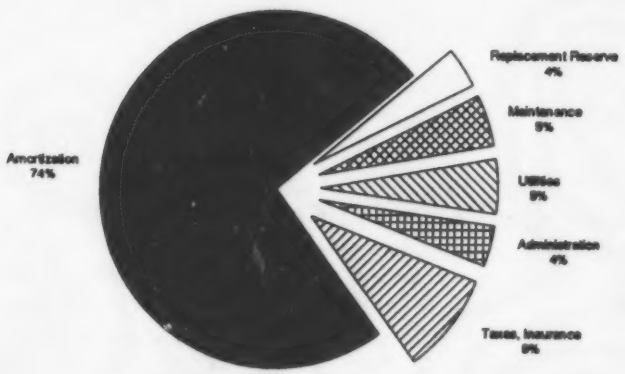
14

REDUCING OPERATING COSTS

There are five main categories of opererating costs in social housing developments: replacement reserve costs; ongoing maintenance costs; utilities costs; administratio n costs; and taxes and insurance. Generally, operating costs represent anywhere from 25 to 35

Figure 21

REDUCING OPERATING COSTS



OPERATING COSTS
$475 (26%)

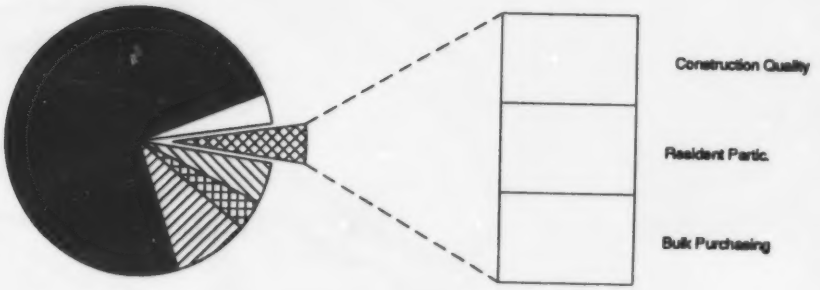
15

percent of the total costs for a social housing apartment, depending upon the municipality; in Toronto, where construction and hence amortization costs are highest, operating costs represent only 25 percent of total costs. Thus, while there may be potential for costs savings through measures which reduce operating costs, their impact would be relatively small in comparison to any measures which can reduce amortization costs.

Reducing The Costs of Maintenance. The main opportunities for reducing maintenance costs are through (1) building higher quality units which need less maintenance (would require higher construction costs), (2) having greater resident participation (sweat equity) and (3) bulk purchasing of goods and services required for maintenance of housing.

Figure 22

REDUCE COSTS OF MAINTENANCE



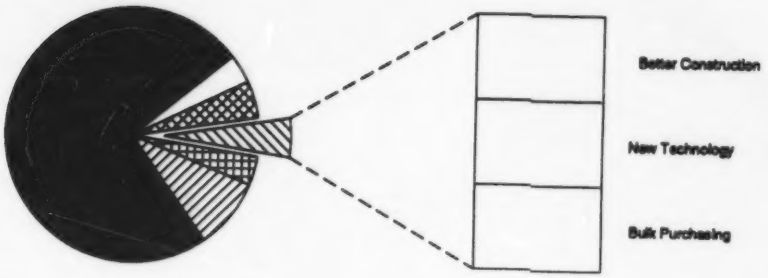
MAINTENANCE
$86 (4.7%)

Reducing Utilities Costs. The primary opportunities for reducing utility costs are through improved construction quality which reduces heating costs (by more than construction costs increase) and through new technology which provides more energy efficient heating, ven tilation and power usage.

Reducing the Costs of Taxes and Insurance. Insurance costs might be reduced through reductions in either property or sales taxes or through reductions in insurance premiums (possibly through self insurance or bulk insurance purchasing.

Figure 23

REDUCE COSTS OF UTILITIES

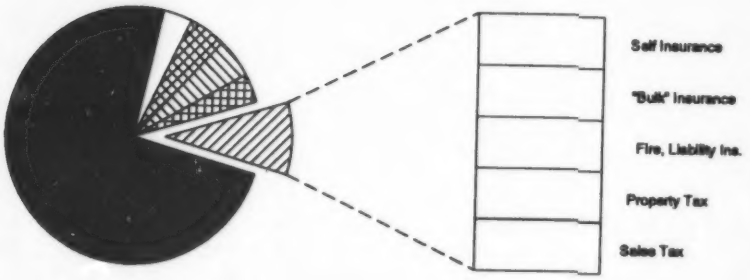


UTILITIES
$90 (4.9%)

17

Figure 24

REDUCE COSTS OF TAXES AND INSURANCE



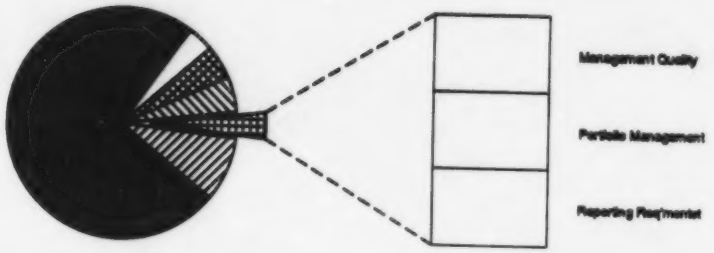
TAXES AND INSURANCE
$166 (9.1%)

18

Reducing Administration Costs. Administration costs might be reduced through more efficient management practices or reduced reporting requirements.

Figure 25

REDUCE ADMINISTRATIVE COSTS



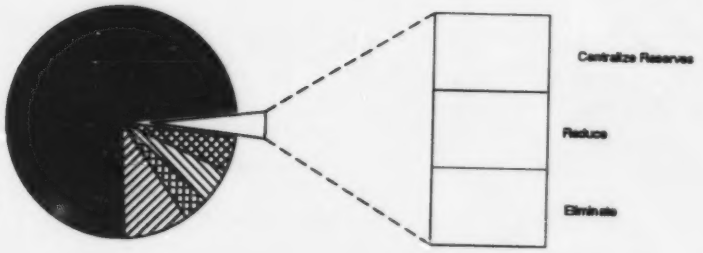
ADMINISTRATION
$66 (3.6%)

19

Reducing Replacement Reserves. Replacement reserves could be reduced through the following avenues: funding could be centralized to achieve a better return on investment; annual contributions could be reduced for a short term savings (but this may result in shortfalls in the future); or, the annual contribution could be eliminated entirely (i.e. fund replacement as required).

Figure 26

REDUCE COST OF REPLACEMENT RESERVE



REPLACEMENT RESERVE
$67 (3.7%)

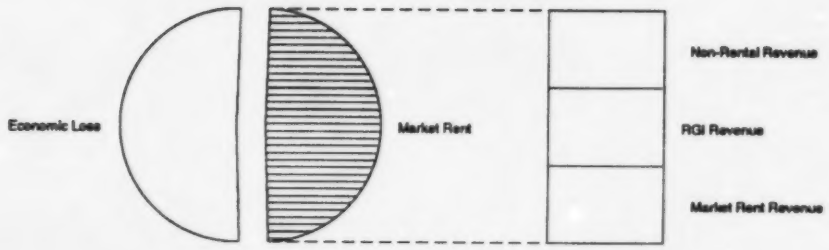
20

Increasing Revenue

Required subsidies in social housing projects could also be reduced by increasing the non-subsidized revenues of these projects. These can be increased in three ways: (1) through increases in non-rental revenues, (2) through decreases in the proportion of RGI rental units, and (3) through increases in market rental revenues.

Figure 27

INCREASE REVENUE



MARKET RENT (Average 49%)

REVENUE SOURCES

21

Increasing Market Revenues. Increases in revenues from market units in social housing projects can be achieved by an increase in the market component of non-profit projects which also achieves greater income integration, and by simply increasing market rents. Increased market rents could be based on household income in market rent units (e.g. simply charge 25% of income for all market households) or could simply be raised for projects where higher rents are achievable.

Reducing RGI Subsidies. As outlined above, RGI subsidies can be reduced simply by reducing the proportion of RGI units in new projects. However, this approach simply leads to a requirement to build more projects in order to meet need. Alternatively, the amount of individual RGI subsidies could be reduced by only subsidizing rents that are greater than 30 percent of an individuals income rather than 25 percent as is done currently.

Increasing Non-Rental Revenue. Non-rental revenue might be through three mechanisms: (1) through increased parking revenues; (2) by increasing revenue-generating commercial/retail components of projects; or (3) by greater use of joint ventures with the private sector where profits from non-residential development are used to subsidize residential development.

Figure 28

INCREASE MARKET RENT REVENUE

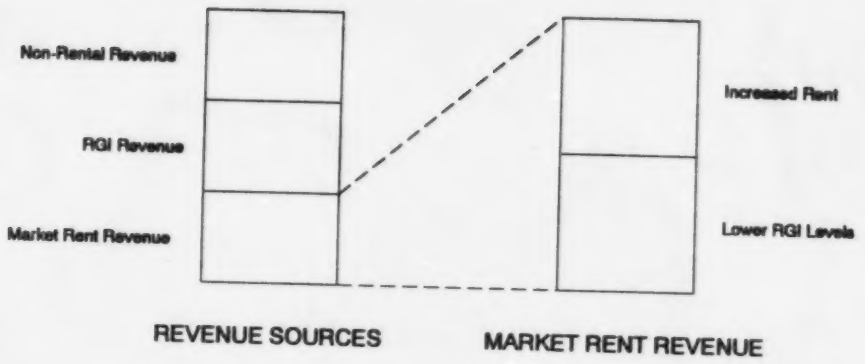


Figure 29

DECREASE RGI SUBSIDIES

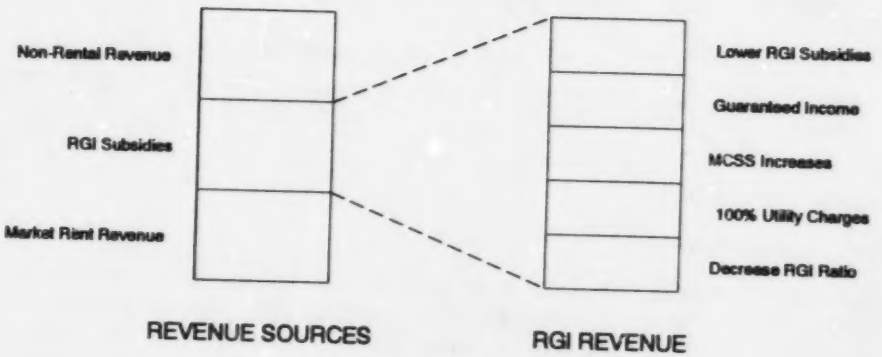
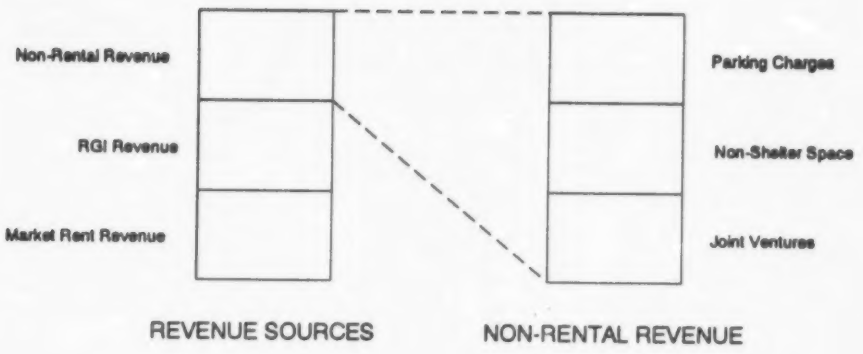


Figure 30

INCREASE NON-RENTAL REVENUE



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4. THE NATURE OF GOVERNMENT SUBSIDIES

Both rental and ownership housing in Ontario have been subsidized considerably over the past twenty years. This briefly section outlines some of the subsidies that have been used to stimulate both rental and ownership housing and examines the implications of the elimination of most of these subsidy programs for Ontario.

PRIVATE RENTAL SUBSIDIES

Capital Cost Allowance

The capital cost allowance (CCA) is a of deductible expense that allows individuals to deduct losses incurred as a result of the "depreciation" of the asset which make up their net worth. For much of the 1970s, the rates of depreciation allowed under CCA tended to be higher than the depreciation loss an investor incurred, resulting in a tax subsidy through an essentially artificial reduction in taxable income.

However, the amount of CCA deduction claimed in any year cannot exceed the revenues obtained from the project (except for life insurance

companies or corporations whose principal business is leasing, rental, development or sale of the real property). As outlined earlier, most new rental projects have negative cash flows (economic rent exceeds market rent) and thus most investors would not be able to take advantage of the CCA provision. Additionally, rates of allowable depreciation were reduced in the 1980s, significantly reducing the potential gain from this provision for those investors who would be able to take advantage of it.

CCA is essentially a deferral of taxes; upon the disposition of the property, the developer/investor is required to pay full taxes at current rates. Therefore, all CCA deferred is due and payable upon final sale. Thus, it functions much like an interest free loan.

Soft Cost Deductibility

During the 1970s, investors in rental or commercial real estate developments were able to write-off all "soft costs" (appraisal fees, financing fees, legal fees, initial leasing fees, property taxes, etc.) incurred prior to construction as they were incurred. These deductions could be used against non-rental income and were not subject to recapture upon the disposition of the asset.

In the early 1980s the rules governing the deductibility of soft costs were tightened, requiring that many soft costs, previously deductible, be added to the capital cost of the land or development (except for corporations whose principal business is real estate development).

Multiple Unit Residential Building Tax Shelters

In response to tightening rental markets in the early 1970s, the Multiple Unit Residential Building (MURB) provision was introduced by the federal government as a temporary measure to stimulate rental investment. The MURB provision enabled investors in certified MURB projects to deduct CCA from non-rental sources of income. These benefits are transferable and remain with a building over its life. As with CCA, MURBs only allow investors to temporarily offset their incomes by claiming CCA; upon disposition of the asset, the difference between the sale price and the undepreciated capital cost of the project must be included in income and will be taxed at the appropriate rate.

While only introduced as a temporary measure, MURBs continued until 1981 before being eliminated.

Deductibility of Investment Interest

Developers and investors are allowed to deduct interest payments from income from other sources on funds borrowed to produce income. This means that losses incurred by investors in a rental property can be used to reduce taxable income - thus, the federal and provincial governments are essentially subsidizing the rent for these units by making up the difference between economic and market rent. To the extent that the asset appreciates in value, an investor can make significant gains in after tax income. This was a large motivating factor in the development of syndicated condominiums during the recent real estate boom in Toronto.

Other Rental Subsidies

In addition to the tax provisions outlined above that implicitly subsidize rental housing, there have also been a number of federal and provincial programs which directly subsidize the production of new rental units. Among the federal programs which have been used to stimulate private rental production are the following: the private rental Residential Rehabilitation Assistance Program, the Assisted Rental Program (ARP), and the Canada Rental Supply Plan (CRSP).

Among the rental programs that the province of Ontario has used to stimulate rental production are the following; the Convert to Rent (CTR) program, the Renterprise program, the Accelerated Rental Housing Program (AHRP), the Ontario Rental Construction Grant (ORCG) program, the Ontario Rental Construction Loan (ORCL) program, and the Canada/Ontario Rental Supply Plan (CORSP).

Of all the programs outlined above, only the Ontario Convert to Rent program is still active.

Implications

As the above sections have shown, government subsidies have played an important role in the production of rental housing in the province in the past twenty year. These subsidies undoubtedly led to the construction of rental buildings that otherwise would never have been built. However, most of the tax incentives and other programs that stimulated rental housing production were eliminated in the early 1980s.

Of the private rental buildings that were constructed in Ontario in the latter 1980s, most were syndicated condominiums which were made a worthwhile investment primarily through the expected appreciation in the value of the asset and through the ability of investors to write of their financing losses (which essentially constitutes a bridge subsidy for the difference between economic and market rent).

Homeownership Subsidies

Capital Gains Exemption

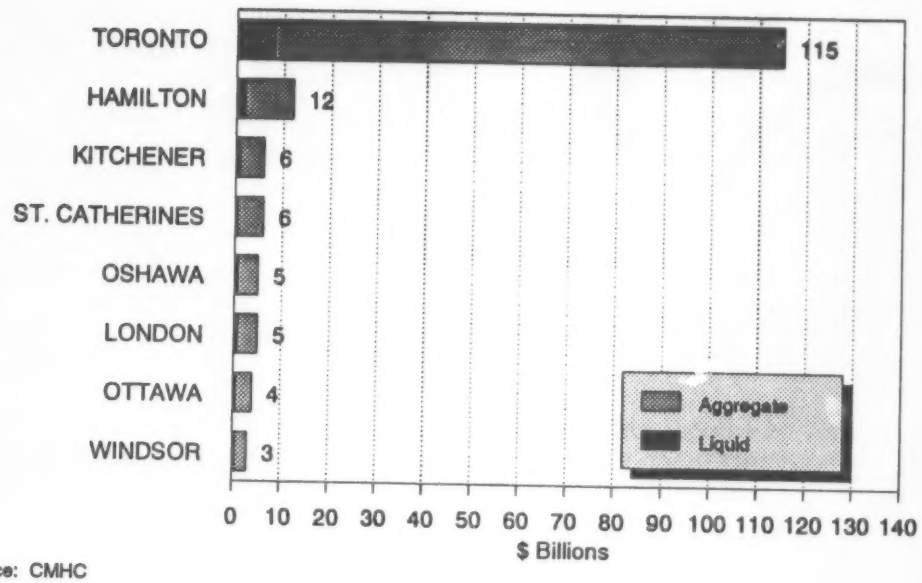
Perhaps the largest homeownership tax subsidy is the exemption of a taxpayer's principal residence from taxation of any "capital gains". Estimates done in the early 1980s suggest that the lack of taxation of these capital gains represented about 3 $billion ($1981) in foregone revenue annually for the federal government. This represented over 10 times the amount of subsidy which was available for rental investors in the late 1970s and early 1980s through all the federal provisions available for rental housing.

The chart below outlines estimates of the capital gains over the 1986-1989 period of homeowners for select metropolitan areas in Ontario. Although only a relatively small portion of these capital gains were liquidated over this period, and house prices have dropped since 1989, this implicit subsidy nonetheless represents billions of dollars in foregone revenue for the

federal and provincial government, whether this revenue is received now or at some time in the future.

Figure 31

ESTIMATED CAPITAL GAIN OF HOMEOWNERS
SELECT ONTARIO CENSUS METROPOLITAN AREAS
1986-1989 IN $ BILLIONS



Source: CMHC

Other Home Ownership Subsidies

There have been several homeownership incentive programs through the past twenty years introduced by both the province and the federal government. Among the federal programs that have been available are: the Assisted Home Ownership Plan (AHOP), the Registered Home Ownership Savings Plan (RHOSP), and the Canadian Home Ownership Stimulation Plan (CHOSP). While most of these programs are no longer in existence, they represented a significant incentive for households to move into a homeownership form of housing.

The province of Ontario has also had a number of programs to stimulate home ownership including the following: the Home Ownership Made Ease Plan (HOME), the Ontario Housing - Tenant Purchase Plan, the Ontario Home Buyer's Grant, and the Renter-Buy program. As well, the province is currently supporting the Ontario Home Ownership Saving Plan (OHOSP) which allows potential first time homebuyers to reduce their taxable income through tax credits. It also allows for a reduction in the land transfer tax payable upon the purchase of the home.

Goods and Services Tax Rebate

Unlike private apartment buildings, which have to pay the full GST rate on the final purchase price of a new apartment building, first time homebuyers are allowed to receive a rebate of half of the GST paid on their home purchase.

Implications

As with many of the rental housing stimulative programs of the 1970s, many of the programs to stimulate homeownership have also been eliminated (such as the AHOP, CHOSP, and the RHOSP). However, homeowners currently have the advantage of the capital gains taxation exemption which dwarfs all other housing subsidies in comparison.

Overall, the existence of the capital gains exemption means that existing laws contain a bias in favour of homeownership. Thus, a household with some savings is better off using the savings to buy a house rather than renting an equivalent house and placing the savings in a financial asset. As well, purchasers of new homes will have an advantage over renters of new apartment buildings because the renters will have to pay for a higher goods and services tax on the value of the unit.

Conclusion

While this has certainly not been a comprehensive examination of all the taxation issues that affect housing, it nonetheless shows that all housing in the province of Ontario is subsidized currently. As well, these subsidies contain a significant bias in favour of homeownership currently.

4.
Review of Existing Housing Programs in Ontario

1. SUMMARY OF EXISTING HOUSING PROGRAMS

Non-Profit and Co-operative Housing

Federal/Provincial Non-Profit Housing Program
Development Assistance for Social Housing Program
Ontario Community Housing Assistance Program
Municipal Non-Profit Housing Program
Project 3,000
Project 3,600
Homes Now
Community Sponsored Housing Program

Assisted (Public) Housing

Ontario Housing Corporation
Rent Supplement Program
Private Assisted Rental
Rural And Native Housing Program

Rehabilitation and Repair

Low-Rise Rehabilitation Program
Ontario Home Renewal Program
Ontario Home Renewal Program for Disabled
Assistance for Housing Repairs in Northern Ontario: Frontiers Foundation

Market Supply Programs

Renterprise
Accelerated Rental Housing Program
Limited Dividend
Ontario Rental Construction Grant Program
Ontario Rental Construction Loan Program
Canada/Ontario Rental Supply Plan
Community Integrated Housing Program

Housing Intensification

Convert-to-Rent
Home Sharing
Home Planning Advisory Service

Municipal Studies / Housing Analysis

Neighbours
Municipal Building Profile Program
Municipal Housing Statement Program

Sector Support / Housing Advocacy

Sector Support
Property Management Support Program

2. EXISTING EXPENDITURE PROGRAMS: UNITS UNDER MANAGEMENT

Program / Initiative	Total Units Under Management
Non-Profit Housing:	
Co-operatives	24,403
Municipal Non-Profits	28,999
Private Non-Profits	53,484
Assisted (Public) Housing:	
Metro Toronto Housing Company Limited	12,902
Ontario Housing Corporation	84,434
Private Assisted Rental	1,115
Rural & Native Housing Program	3,255
Rehabilitation and Repair:	
Housing Repairs in Northern Ontario: Frontiers Foundation	220
Low-Rise Rehabilitation Program	12,263
Private Sector Supply Programs:	
Accelerated Rental Housing Program (OMC)	3,238
Assisted Rental Program '75, '76	4,847
Canada/Ontario Rental Supply Program	2,124
Community Integrated Housing Program (OMC)	1,612
Limited Dividend 38,884	
Ontario Rental Construction Loan Program	14,539
Renterprise	2,176
Housing Intensification:	
Convert-to-Rent	12,628
Private Rent Supplement:	
Rent Supplement Program - Private Landlord	6,811
Total:	**307,934**

3. DESCRIPTION OF EXISTING EXPENDITURE PROGRAMS

NON-PROFIT AND CO-OPERATIVE HOUSING:

General Discussion:

The Non-Profit Housing Program a Federal/Provincial and Provincial initiative aimed at helping non-profit housing agencies to produce housing for persons with low to moderate housing. An important feature of the program is its emphasis on directing most of the housing assistance to households whose need is especially great. The program also helps local municipalities and non-profit housing agencies to address the community's housing needs.

The non-profit housing program is implemented primarily through payments to non-profit housing corporations. The Federal/Provincial Housing Program (cost-shared between Canada Mortgage and Housing Corporation (CMHC) and the Ministry of Housing on a 60:40% ratio) and the Provincial Non-Profit Housing program (Project P3000, P3600 and Homes Now) form the bulk of these payments.

Grants are also made available to non-profit housing sponsors, who lease units in existing buildings from a private landlord, to finance the rehabilitation/renovation of such units, and for non-profit sector support to encourage existing groups to enhance their current role in the provision of affordable and non-profit housing.

Rent reduction grants, the Ontario Community Housing Assistance Program and Municipal Non-Profit Housing Program, and loans in support of non-profit housing development (Development Assistance for Social Housing -- DASH -- and Housing Acquisition and Renovation -- permanent housing for the homeless) comprises the remainder of the Non-Profit Housing initiatives.

Expenditure Details:	1989-90 actual:	$156,900,000
	1990-91 estimate:	$255,488,000

Federal/Provincial Non-Profit Housing Program (1985-present)

The non-profit housing program is a Federal/Provincial initiative aimed at helping non-profit housing agencies to produce housing for persons with low-to moderate-incomes.

Capital financing is available in the form of development grants with maximum of $1,000 per group (toward the cost of incorporation). Development loans (DASH) cover technical and organizational costs. Operating subsidies bridge the gap between the actual cost of providing the housing and the rents paid by tenants (mix of market and RGI tenant).

Ontario Community Housing Assistance Program (1981-present)

Ontario Community Housing Assistance Program (OCHAP) announced in 1981, was designed to enable private, non-profit and co-operative housing groups who had projects which were under the 56.1 Program to offer additional units for rent on a geared-to-income basis to eligible applicants or where the Minister feels there is a need.

Municipal Non-Profit Housing Program (1979-1985)

The Municipal Non-Profit Housing Program encouraged municipalities to develop and operate low cost rental accommodation for senior citizens, families and other eligible individuals. No new allocations are currently available through this program. A rent reduction grant is available to reduce project operating costs and offset operating losses resulting from the rent geared-to-income component in the development.

Project 3,000 (P3000)

A special provincial initiative was announced in 1986 established to produce 3,000 rental housing units for a broad range of groups, with particular emphasis being placed on servicing the neediest (e.g. homeless individuals, battered spouses, physically, developmentally and psychiatrically challenged individuals). The mechanics of the program (i.e. development grants, development loans and operating subsidies) are similar to that of the Non-Profit Program.

Project 3,600 (P3600)

A special provincial initiative announced in 1986 established to produce 3,600 rental housing units for a broad range of groups. The mechanics of the program (i.e. development grants, development loans and operating subsidies) are similar to that of the Non-Profit Program.

Homes Now

A provincial housing initiative announced in April of 1988 aimed at creating rental housing units through community-based sponsor groups, municipal and private non-profit corporations and non-profit co-operatives. The mechanics of the program (i.e. development grants, development loans and operating subsidies) are similar to that of the Non-Profit Program. Low cost mortgage financing was arranged through Canada Pension Plan funds. In addition, operating subsidies are available to help non-profit sponsors operate the projects.

Community Sponsored Housing Program

The Community Sponsored Housing Program (CHSP) provides a rent reduction grant, based on 10 per cent of capital costs, to non-profit corporations which make units available to families, seniors and singles who qualify for rent supplement. This reduces rents to below-market levels for similar units.

ASSISTED (PUBLIC) HOUSING:

General Discussion:

On behalf of the Province, the Ontario Housing Corporation owns and manages over 84,000 assisted rental housing units occupied by qualified residents who pay rent based solely on income rather than on the size or type of housing they occupy. The Ontario Housing Corporation provides rent geared-to-income housing for qualified lower income families, senior citizens and physically, developmentally and psychiatrically handicapped persons.

An additional 16,000 rent geared-to-income units in privately-owned buildings are made available to OHC through the Rent Supplement Program. OHC also subsidizes the operation of over 12,000 senior citizen rent geared-to-income units owned by the Metropolitan Toronto Housing Company Limited (MTHCL).

OHC is the largest landlord in the Province, with responsibility for providing shelter to more than 225,000 people. Fifty-six Local Housing Authorities (LHAs) located throughout the Province are responsible for the day-to-day management of OHC's portfolio.

OHC also provides homeownership and rental units for families in rural communities of less than 2,500 in population through Rural Housing Development. In the case of homeownership units, the payment of the mortgage principal, interest and property taxes are based on the homeowners income; in rental accommodation, households pay rents geared-to-income. This aspect of OHC provides affordable housing in remote areas that are unlikely to be served by non-profit housing programs. It assists low income families to purchase homes and increases the supply of affordable rental housing in small remote communities.

Expenditure Details:	1989-90 actual:	$214,430,000*
	1990-91 estimate:	$245,240,600*

(* includes operating (rent supplement payments, loss on public housing operations) and capital (repairs to public housing portfolio, rural housing development) expenses).

Note: OHC administers the following programs: Municipal Non-Profit Housing, OCHAP, Rent Supplement Program, Private Assisted Rental Program, F/P Senior Citizens Rural Housing Program, Municipal Housing Statement Program, Convert-To-Rent and OHRP.

Rent Supplement Program

The Ontario Housing Corporation, through its 56 Local Housing Authorities, works closely with the private, municipal and non-profit/ cooperative sectors to make suitable accommodation available for families and individuals who pay rents according to their incomes.

Under this program, OHC pays the landlord (whether it be private landlords, municipalities, or cooperative non-profit corporations) the difference between geared-to-income rents and the full rental rate negotiated between OHC and the landlord.

Depending on the nature of the accommodation, the subsidy is cost-shared on a 50:50% or 60:40% ratio between Canada Mortgage and Housing Corporation and the Ministry of Housing, and in some cases is subsidized 100% by the Province (depending on the availability in Ontario of Federal cost-shared units).

Expenditure Details:		
	1989-90 actual:	$49,031,000
	1990-91 estimate:	$59,542,200

Private Assisted Rental Program

The Private Assisted Rental (PAR) Program commenced in 1976 and called for competitive proposals from builders for the construction and management of rent geared-to-income housing projects in selected municipalities. As part of this process owners offered up to 100 per cent of the projects units for Ontario Housing Corporation (OHC) applicants. Agreements provided for a fixed rate of return on the original equity, a fixed management fee and annual review of operating costs.

No commitments are currently made under this program, but original agreements are still in effect.

Rural and Native Housing Program

Provides home-ownership and rental units for families in rural communities of less than 2,500 in population. Payments of mortgage principal, interest, property taxes and rent are geared-to-household-income. Capital costs and operating subsidies are shared on a 75:25 ratio between the Federal and Provincial governments. This program is delivered by Canada Mortgage and Housing Corporation (CMHC).

REHABILITATION AND REPAIR:

Low-Rise Rehabilitation Program (1986-present)

The Low-Rise Rehabilitation Program (LRRP) was initiated in 1986 as a means of upgrading Ontario's older rental stock. The program offers landlords

forgivable loans of up to $5,000 per unit to undertake essential repairs required to bring the building up to minimum property and maintenance standards. Only units in buildings of less than 5 storeys and at least 25 years old are eligible for the loan.

In certain projects, a proportion of the units must be offered to the Local Housing Authority for lease to tenants eligible for rent geared-to-income assistance under the Rent Supplement Program.

Expenditure Details:	1989-90 actual:	$20,478,000
	1990-91 estimate:	$20,220,000

Rupert Hotel Initiative (1991-present)

In conjunction with the City of Toronto and the Rupert Hotel Coalition, the Ministry of Housing will rehabilitate some of Toronto's most neglected rooming houses and provide improved social services to more than 500 of its roomers through a pilot project. The project will fund non-profit sponsors to build housing for up to 105 low-income single people; provide allocations to non-profit groups to purchase and renovate up to 210 existing rooming house units; and, allocate funds to private owners selected by the Rupert Hotel Coalition to rehabilitate up to 210 rooming house units.

Expenditure Details: 1991-92: $3,000,000

Low-Rise Rehabilitation Program -- Ottawa Rooming House Initiative (1991-present)

Under the Low-Rise Rehabilitation Program (discussed above), more than 400 rooming house units will be rehabilitated to meet health and safety standards in the City of Ottawa.

Expenditure Detail: 1991-92: $2,000,000

Ontario Home Renewal Program (1974-present)

The Ontario Home Renewal Program (OHRP) is administered by participating municipalities. In communities without municipal government boundaries, the program is administered by the Ministry of Northern Development & Mines.

Provides for loans, the majority drawn from municipal trust accounts, to enable low to moderate income homeowners residing in participating municipalities and unorganized territories, to undertake basic repairs to bring owner-occupied homes up to minimum maintenance standards (e.g. substandard plumbing, heating and electrical systems as well as faulty structural and sanitary conditions).

OHRP financially assists low to moderate income homeowners to undertake essential home repairs which otherwise could not be done. A combination of forgivable loan and repayable loan is available, to a maximum of $7,500 (forgivable geared to family income).

Expenditure Details: (OHRP & OHRP-D)	1989-90 actual:	$5,250,000*
	1990-91 estimate:	$6,250,000*

(* Note: Municipalities access revolving trust accounts to advance loans to successful applicants. Repayments of loans are deposited back into these trust accounts for use in future loan advances. As such, the above expenditures details refer to OHRP - Unorganized Territories, and OHRP - Disabled only. Approximately $38 million in OHRP funding is currently outstanding.)

Ontario Home Renewal Program for Disabled (1987-present)

The Ontario Home Renewal Program for Disabled Persons (OHRP-D) offers assistance to disabled homeowners, or homeowners with permanently resident disabled dependents, for modifications or additions that make a home more suitable for a disabled occupant. Interest-free loans of up to $15,000 are available.

Expenditure Details: (OHRP & OHRP-D)	1989-90 actual:	$5,250,000*
	1990-91 estimate:	$6,250,000*

(* Note: Ibid.)

Assistance for Housing Repairs in Northern Ontario: Frontiers Foundation

Designed for Northern Ontario Communities where housing needs may not be adequately met by existing Federal or Provincial programs.

Funds are provided to the Frontiers Foundation to carry out repairs on homes and deliver housing information to needy households in isolated northern communities.

Repairs are undertaken to low-income housing in a cost-effective manner by using a combination of labour from outside the community along with the homeowner whose dwelling is being repaired.

Expenditure Details:	1989-90 actual:	$500,000
	1990-91 estimate:	$500,000

MARKET SUPPLY PROGRAMS:

Renterprise (1986-1988)

The Renterprise program was designed to stimulate the supply of 5,000 modest family market rental apartments to assist low- to moderate-income families in areas with low rental vacancy rates. Assistance was provided to the development industry in the form of 15-year, interest-free loans. Developers were required to offer a minimum of 40 per cent of their units to the local housing authority for lease to tenants eligible for rent geared-to-income assistance under the Rent Supplement Program.

Expenditure Details:	1989-90 actual:	$500,000
	1990-91 estimate:	$ 0

Accelerated Rental Housing Program

Accelerated Rental Housing Program (ARHP) was initiated in 1974 as an extension of the Federal limited dividend program. ARHP was designed to encourage the private sector to provide moderately priced rental housing in provincially designated housing markets with low vacancy rates. No additional funds are being committed under this program. Previous commitments still require Ministry financial support.

The assistance was in the form of mortgage of up to 95 per cent of project value at 8 per cent interest amortized over 50 years.

Limited Dividend Program

The limited Dividend Program funded through CMHC, offered moderate mortgages for extended amortization periods. In return, builders agreed to a limited rate of return and an upper limit on rents in rental buildings.

A source of further assistance to the builders was attained through rent supplement agreements with OHC.

No new units are presently being accepted into the program. The program commenced in 1952.

Ontario Rental Construction Grant Program

Ontario Rental Construction Grant Program was designed to provide assistance, in addition to the Federal Assisted Rental Program, in those municipalities where the federal assistance to builders was insufficient to permit the production of moderately priced rental housing. Builders were eligible for a grant of up to $600 per unit in the first year of operation.

Expenditure Details:	1989-90 actual:	$276,000
	1990-91 estimate:	$160,000

Ontario Rental Construction Loan Program

Initiated in 1981, Ontario Rental Construction Loan (ORCL) Program provides interest-free loans to assist in the construction of 15,000 rental housing units in areas of Ontario with low vacancy rates. The loans were interest-free for 25 years with repayments commencing in year 16.

Canada/Ontario Rental Supply Plan

Introduced in 1984, the Canada/Ontario Rental Supply Plan (CORSP) was designed to stimulate construction of moderate cost market rental units through the provision of interest-free loans. The joint Federal/Provincial venture funded on a 50:50 basis.

Community Integrated Housing Program

Initiated in 1973, the Community Integrated Housing (CIH) Program offered builders second mortgage financing in exchange for 25 per cent of project units offered to OHC for application rent supplement.

HOUSING INTENSIFICATION:

Convert-to-Rent Program (1983-1991)

The Convert-To-Rent (CTR) program has been in operation since 1983 as an incentive program to encourage the creation of additional rental units through various forms of intensification including conversion of non-residential buildings and the creation of accessory apartments in single family homes. This program offers $7,000 per unit created, interest-free for 15 years. An additional $5,000 is available for the creation of units modified for tenants with disabilities.

Programs encourages the creation of moderate-cost market rental housing units, with some units made available for rent geared-to-income households under the Rent Supplement Program.

Expenditure Details:	1989-90 actual:	$9,100,000
	1990-91 estimate:	$6,708,000

Home Sharing Program (1987-present)

Home Sharing funds municipal services designed to match together persons who are seeking and providing accommodation. Grants of up to $40,000 per year are provided to cover up to 75% of the total operating budget.

Expenditure Details:	1989-90 actual:	$710,000
	1990-91 estimate:	$700,000

Home Planning Advisory Service (1987-1991)

The Home Planning Advisory Service (HPAS) provides funding to municipalities to assist in the development and operation of "one-stop" information centres. These advisory service offices provide homeowners with information on plans, permits, contracting, and government assistance. Funding of up to $30,000 is available, based on population size.

Expenditure Details:	1989-90 actual:	$130,000
	1990-91 estimate:	$262,000

MUNICIPAL STUDIES / HOUSING ANALYSIS:

Neighbours (1987-1991)

The Neighbours initiative provides grant funding to municipalities to assist in the development of educational or promotional campaigns which increase community awareness of various housing choices (accessory apartments, conversions, infill). Funding will normally not exceed $50,000 for each project.

Expenditure Details:	1989-90 actual:	$342,000
	1990-91 estimate:	$300,000

Municipal Building Profile Program (1985-present)

The Municipal Building Profile (MBP) Program provides grants of up to $20,000 to assist municipalities in the development of automated information systems that define the characteristics of their rental housing by age, type, use, density and location.

Expenditure Details:	1989-90 actual:	$160,000
	1990-91 estimate:	$138,000

Municipal Housing Statement Program (1987-present)

Study grants or technical assistance is made available to municipalities to assist in the preparation or update of a Municipal Housing Statement.

Assists municipalities in determining housing requirements and policy direction, and forms the basis of request for Provincial assistance for housing programs (eg., Non-Profit Programs, Convert-to-Rent, Ontario Home Renewal Program, Low-Rise Rehabilitation Program, etc.).

Expenditure Details:	1989-90 actual:	$307,000
	1990-91 estimate:	$485,000

SECTOR SUPPORT / HOUSING ADVOCACY:

Sector Support

Grants awarded to non-profit housing organizations to undertake community development projects which meet one or more of the Ministry's six eligibility criteria: (1) To ensure that residents of Ontario have access to decent and affordable housing; (2) To facilitate the increased production of non-profit housing; (3) To ensure that high quality non-profit housing is built; (4) To encourage innovation in both the development and management of non-profit housing; (5) To strengthen the ability of the non-profit sector to provide for itself support; services that are currently provided by Regional Housing Program Offices; and, (6) To promote positive community attitudes for non-profit housing initiatives (outreach and educational).

Property Management Support Program

The Property Management Support Program was developed to provide education and training material for landlords to assist landlords manage their properties more effectively. A five-part educational series entitled "The Successful Landlord" was developed in conjunction with TV Ontario under the auspices of this initiative.